



MEETINGS SCHEDULED FOR DECEMBER

Minnesota Housing
400 Wabasha Street N. Suite 400
St. Paul, MN 55102

THURSDAY, DECEMBER 20, 2018

Regular Board Meeting
Lake Superior Conference Room- Fourth Floor
1:00 p.m.

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, December 20, 2018.

Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 are met. In accordance with Minn. Stat. §462A.041, the Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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AGENDA

Minnesota Housing Board Meeting

Thursday December 20, 2018

1:00 p.m.

1. Call to Order
2. Roll Call
3. Agenda Review
4. Approval of Minutes
 - A. (page 5) Regular Meeting of November 15, 2018
5. Reports
 - A. Chair
 - B. Commissioner
 - C. Committee
6. Consent Agenda
 - A. (page 9) Commitment, Low and Moderate Income Rental (LMIR) and LMIR Bridge Loan
 - The Hylands, D1310, Rochester
7. Action Items
 - A. (page 21) Approval, Workforce Housing Development Program Funding Recommendations
 - B. (page 25) Approval, Revised Investments and Cash Management Policy
8. Discussion Items
 - A. (page 37) Financial Reporting Package, 1st Quarter Fiscal Year 2019
9. Information Items
 - A. (page 47) Consolidated Annual Performance and Evaluation Report (CAPER)
 - B. (page 51) Post-sale report, Residential Housing Finance Bonds, 2018 Series EFGH
10. Other Business
 - A. Report on Commissioner's Evaluation. *This portion of the meeting will be closed pursuant to Minnesota Statutes Section 13D.05.*
11. Adjournment

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DRAFT Minutes
Minnesota Housing Board Meeting
Thursday November 15, 2018
1:00 p.m.

1. Call to Order.

Chair John DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance agency at 1:03 p.m.

2. Roll Call.

Members Present: John DeCramer, Craig Klausung, Stephanie Klinzing, Ramona Advani, Damaris Hollingsworth and Terri Thao.

Minnesota Housing Staff present: Ahmed Abdulahi, Ashish Bajaj, Ryan Baumtrog, Wes Butler, Kevin Carpenter, Jessica Deegan, Renee Dickinson, Matt Dieveney, Kay Finke, Rachel Franco, Cassie Gordon, Brian Haefner, Anne Heitlinger, Tresa Larkin, Eric Mattson, Tom O'Hern, Ashley Oliver, John Patterson, Tony Peleska, Paula Rindels, Lael Robertson, Irene Ruiz-Briseno, Joel Salzer, Terry Schwartz, Barb Sporlein, Jodell Swenson, Mike Thone, and Mary Tingerthal.

Others present: Cory Hoeppner, RBC Capital Market; Rhonda Skoby, Dorsey & Whitney; Gene Slater, CSG;

3. Agenda Review

Chair DeCramer shared that there was one change to the meeting agenda. We will adjourn the board meeting and then have the Hunger and Homelessness Presentation (Discussion Item 8A.).

4. Approval of Minutes

A. Regular Meeting of November 1, 2018

Motion: Terri Thao moved to approve the minutes. Seconded by Stephanie Klinzing. Motion carries 6-0.

5. Reports

A. Chair

None.

B. Commissioner

Commissioner Tingerthal shared the following with the board:

- Our event on November 1 at the Jeremiah Program was extremely well covered by the media. It was a great event.
- We are in contact with Governor Elect Walz's transition team. The transition team is scheduling visits with all state agencies. Plan to schedule State Auditor-elect Julie Blaha's board orientation very soon.

New Employee Introductions:

- Cathy tenBroeke introduced Lael Robertson, Implementation Manager for the Interagency Council, Office to Prevent and End Homelessness
- Barb Sporlein introduced Jodell Swenson, Human Resources Director
- Tony Peleska introduced Ashish Bajaj, Contractor, BTS Division
- Cassie Gordon introduced Ahmed Abdullahi, Housing Management Officer, PCBA Team, Multifamily Division.

C. Committee

The Finance and Audit committee met prior to the board meeting to discuss review and discuss the Agency Risk Management program, highlight recent changes and preview upcoming work of the committee. The committee also discussed proposed changes to the Board Policy on Investments.

6. Consent Agenda

A. 2019 Meeting Schedule

Motion: Craig Klausing moved to approve all items on the Consent Agenda. Seconded by Terri Thao. Motion carries 6-0.

7. Action Items

A. Housing Tax Credit Program, Increase Annual Monitoring Fees

Renee Dickinson presented to the board a request for approval to increase housing tax credit (HTC) annual compliance monitoring fees beginning in 2019.

Chair DeCramer opened up the discussion. Chair DeCramer inquired on how and when we will notify property owners of the fee increase. Ms. Dickinson indicated that owners will receive notification in December of this year, giving a one-year notice of the fee increase.

Motion: Stephanie Klinzing moved to approve Housing Tax Credit Program, Increase Annual Monitoring Fees. Seconded by Damaris Hollingsworth. Motion carries 6-0.

B. Rental Rehab Deferred Loan (RRDL) – Pilot Program Extension and Future Program Development Update

Irene Ruiz-Briseno and David Schluchter presented to the board a request for approval several administrative extensions and \$1.1 million in increases to original funding awards for the RRDL program.

Chair DeCramer opened up the discussion. Damaris Hollingsworth inquired how much of the funding returns to the state from the USDA rental assistance that can be accessed by properties using the RRDL program. David Schluchter indicated that it is 200 units, which is \$750,000 in additional assistance to the state on an annual basis. The USDA properties do not currently have rental assistance for 100% of their units, and this extension can provide assistance to all units in a property. **Motion:** Terri Thao moved approval of Rental Rehab Deferred Loan (RRDL) – Pilot Program Extension and Future Program Development. Seconded by Stephanie Klinzing. Motion carries 6-0.

C. Resolution authorizing the issuance and sale of Rental Housing Bonds, 2018 Series C for a multi-family housing development in Mounds View, Minnesota (Boulevard)

Kevin Carpenter presented to the board a request for authorization to issue short-term fixed rate tax-exempt bonds under the existing Rental Housing bond resolution. The bonds will be issued in an amount not to exceed \$6,980,000 and will be used to acquire and finance the construction of a 60-unit rental housing development located in Mounds View, Minnesota. Michelle Adams, Kutak Rock joined the discussion to review the board resolution.

Chair DeCramer opened up the discussion. There were no questions from the board. **Motion:** Ramona Advani moved to approve the resolution authorizing the issuance and sale of Rental Housing Bonds, 2018 Series C for a multi-family housing development in Mounds View, Minnesota (Boulevard). Seconded by Terri Thao. Motion carries 6-0.

8. Discussion Items

Hunger and Homelessness Awareness Week Presentation was moved to occur following the board meeting.

9. Information Items

- A. 2018 Affordable Housing Plan and 2016-19 Strategic Plan: Fourth Quarter Progress Report
John Patterson provided the board with a brief overview of the fourth quarter progress report.
- B. Post-Sale Report, Homeownership Finance Bonds, 2018 Series GH

10. Other Business

Chair DeCramer requested that staff arrange for a presentation at a future board meeting on the housing portions of the St. Paul and Minneapolis 2040 Plans once they have been adopted by the cities.

11. Adjournment

The meeting was adjourned at 1:46 p.m.

John DeCramer, Chair

DRAFT

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Item: Commitment, Low and Moderate Income Rental (LMIR) and LMIR Bridge Loan
- Hylands, D1310, Rochester

Staff Contact(s):

Caryn Polito, 651.297.3123, caryn.polito@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Agency staff completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution authorizing the selection and issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of up to \$7,864,000 and a Low and Moderate Income Rental Bridge Loan (LMIRBL) program commitment not to exceed \$4,090,000.

Fiscal Impact:

LMIR loans are funded from Housing Investment Fund Pool 2 resources, and as such, Minnesota Housing will earn interest income on the end loan without incurring financing expenses. Minnesota Housing will also earn interest rate spread income on the LMIRBL, and both the bridge loan and the end loan will generate additional fee income.

Meeting Agency Priorities:

- ☒ Address Specific and Critical Local Housing Needs
- ☐ Finance Housing Responsive to Minnesota's Changing Demographics
- ☐ Preserve Housing with Federal Project-Based Rental Assistance
- ☐ Prevent and End Homelessness
- ☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Background
- Development Summary
- Resolution
- Resolution Attachment

Background:

The Minnesota Housing Finance Agency (Minnesota Housing) board, at its October 20, 2017 meeting, approved this development for processing under the Multifamily Accelerated Processing (MAP) first mortgage program and the Low and Moderate Income Rental Bridge Loan (LMIRBL) program. At this same meeting, the board approved a commitment for financing under the Housing Infrastructure Bonds (HIB) program. Since selection, the type of first mortgage was changed from MAP to LMIR. The following summarizes the changes in the composition of the proposal since that time:

DESCRIPTION:	SELECTION	COMMITMENT	VARIANCE
Total Development Cost	\$ 16,668,782	\$ 17,244,053	\$ 575,271
Gross Construction Cost	\$ 7,120,850	\$ 7,700,000	\$ 579,150

Agency Sources:

LMIR (formerly MAP)	\$ 8,049,000	\$ 7,864,000	\$ (185,000)
HIB	\$ 4,223,400	\$ 4,223,400	\$ 0
Total Agency Permanent Sources	\$ 12,272,400	\$ 12,087,400	\$ (185,000)

Agency Sources (Bridge Loan):

LMIRBL	\$ 3,426,000	\$ 4,090,000	\$ 664,000
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Other Non-Agency Sources:

Housing Syndication Proceeds	\$ 3,547,897	\$ 4,388,858	\$ 840,961
Energy Rebates	\$ 40,575	\$ 40,575	\$ 0
Interim Income	\$ 205,690	\$ 255,000	\$ 0
Replacement Reserves	\$ 130,000	\$ 0	\$ (130,000)
Deferred Developer Fee	\$ 472,220	\$ 472,220	\$ 0

NET RENTS	SELECTION		COMMITMENT		VARIANCE	
Unit Type	# of DU	Rent	# of DU	Rent	# of DU	Rent
1 BR – People with Disabilities (PWD)	5	\$ 805	5	\$ 795	0	\$ (10)
1 BR	1	\$ 805	1	\$ 795	0	\$ (10)
2 BR	59	\$ 895	59	\$ 975	0	\$ 80
2 BR – High Priority Homeless (HPH)	3	\$ 895	3	\$ 975	0	\$ 80
3 BR – High Priority Homeless (HPH)	2	\$ 1,030	2	\$ 1,145	0	\$ 115
3 BR	30	\$ 1,030	30	\$ 1,145	0	\$ 115
Total Number of Units	100		100		0	

NOTE: All units have Section 8 rental assistance, ensuring tenants do not pay more than 30% of their income towards rent.

Factors Contributing to Variances:

Since selection, the total development cost has increased by \$575,271. Construction costs increased \$579,150. The increased construction costs are attributable to the final rehab scope of work including more items than originally budgeted. The scope of work was expanded to include additional items identified in the architect's 20-year capital needs assessment. The Agency staff architect reviewed and approved these changes.

The increase in costs was offset by increased tax credit equity and increased interim income.

The Agency's first mortgage decreased because at selection it was underwritten as a MAP loan with a 3.60% interest rate. The final interest rate of 5.25%, as well as an increase in property taxes, resulted in a smaller loan.

Other Significant Events since Board Selection:

The development executed a Housing Assistance Payments (HAP) renewal contract with a 20-year term and mark-up-to-market rents. This resulted in the final rents listed in the table above. The rents at the time of selection were estimated.

DEVELOPMENT SUMMARY

Name: Hylands
Address: 2800 Charles Court NW
City: Rochester County: Olmsted Region: Southeast
D#: 1310
App#: M17672

MORTGAGOR:

Ownership Entity: The Hylands II, Limited Partnership
General Partner/Principals: The Hylands II GP, LLC/Andrew C. Chafoulas

DEVELOPMENT TEAM:

General Contractor: Kraus-Anderson Construction Company, Minneapolis
Architect: Blumentals Architecture, Inc., Minneapolis
Attorney: Winthrop & Weinstine, P.A., Minneapolis
Management Company: Titan Development and Investments, Inc., Rochester
Service Provider: Independent Management Services, Austin

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

\$7,864,000 LMIR First Mortgage
Funding Source: Housing Invest Fund (Pool 2)
Interest Rate: 5.25%
MIP Rate: 0.125%
Term (Years): 35
Amortization (Years): 35

\$4,090,000 LMIR Bridge Loan
Funding Source: Tax Exempt Future Bond Sale
Interest Rate: 3.40% estimated
Term (Months): 18 (approximately)

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORDABILITY
1 BR	6	660	\$ 882	\$ 1,018	\$ 35,280
2 BR	2	829	\$ 1,018	\$ 1,222	\$ 40,720
2 BR	60	895	\$ 1,055	\$ 1,222	\$ 42,200
3 BR	32	1,147	\$ 1,254	\$ 1,412	\$ 50,160
TOTAL	100				

NOTE: All units have Section 8 rental assistance, ensuring tenants do not pay more than 30% of their income towards rent.

Purpose:

The Hylands is the acquisition and rehabilitation of a 100 percent Section 8 property located in Rochester. The 100-unit development consists of 17 two-story townhouse buildings. The property was built in 1979. There are 75 detached garage stalls and 124 surface parking stalls. The project will contain 100 Housing Tax Credit (HTC) units. The development addresses preservation and supportive housing strategic priorities, and will include five units for people with disabilities and five high priority homeless units.

Population Served:

The development will provide housing for general occupancy, including families. The households will have incomes at or below 60% MTSP (Multifamily Tax Subsidy Projects), and five households will serve people with disabilities with incomes at or below 30% MTSP. All units have Section 8 rental assistance.

Project Feasibility:

The project is feasible as proposed. Minnesota Housing will issue a LMIRBL with short-term, tax-exempt bonds, which, combined with the Housing Infrastructure Bonds (HIB), will meet the 50% test, which is expected to qualify the development for an annual 4% HTC allocation of approximately \$465,892.

Development financing includes an amortizing LMIR mortgage of \$7,864,000 and a \$4,223,400 HIB deferred loan. This financing will be leveraged with approximately \$4,388,858 of tax credit equity. Other sources of funding include interim income (from the property during the construction period while no first mortgage payments are being made), a deferred developer fee and energy rebates. The development cash flows at the proposed rent levels and is consistent with Minnesota Housing underwriting standards.

Total development costs of \$172,441 per unit do not exceed the predictive cost model estimate of \$158,619 by greater than 25 percent.

Development Team Capacity:

The sponsor, Titan Development and Investments, Inc., has a history of bringing development proposals to completion in a timely manner. The developer has utilized Minnesota Housing first mortgages, deferred loans, and tax credits with proven success. Minnesota Housing has had positive experience with the property management company, which is also Titan Development and Investments, Inc.

Physical and Technical Review:

Blumentals Architecture, Inc. is the architect and Kraus-Anderson Construction Company is the contractor. The contractor and the architect have the capacity to complete the rehab as proposed and have successfully completed similar sized, affordable housing developments in Minnesota.

Market Feasibility:

Rochester is located in southeastern Minnesota in Olmsted County, approximately 80 miles southeast of the Twin Cities. Both market rate and affordable rental housing in the area have very low vacancy rates. The market study, prepared by Maxfield Research and Consulting, indicates that all the existing HTC units in the area are occupied. Population and the number of households in the area have been steadily increasing since 2010, and there is pent-up demand for affordable rental housing.

Supportive Housing:

Independent Management Services (IMS) will provide services to the people with disabilities units and the high priority homeless units. IMS has experience providing supportive housing services to the population being served.

DEVELOPMENT COST SUMMARY (estimated):		
	Total	Per Unit
Total Development Cost	\$ 17,244,053	\$ 172,441
Acquisition or Refinance Cost	\$ 5,250,000	\$ 52,500
Gross Construction Cost	\$ 7,700,000	\$ 77,000
Soft Costs (excluding Reserves)	\$ 3,563,053	\$ 35,631
Non-mortgageable Costs	\$0	\$0
Reserves	\$ 731,000	\$ 7,310
Total LMIR Mortgage	\$ 7,864,000	\$ 78,640
First Mortgage Loan-to-Cost Ratio	46%	
Agency Deferred Loan Sources		
HIB	\$ 4,223,400	\$ 42,234
Total Agency Sources	\$ 12,087,400	\$ 120,874
Total Loan-to-Cost Ratio	70%	
LMIR Bridge Loan	\$ 4,090,000	\$ 40,900
Other Non-Agency Sources		
Syndication Proceeds	\$ 4,388,858	\$ 43,889
Interim Income	\$ 255,000	\$ 2,550
Energy Rebates	\$ 40,575	\$ 406
Deferred Developer Fee	\$ 472,220	\$ 4,722
Total Non-Agency Sources	\$ 5,156,653	\$ 51,567

**MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102**

RESOLUTION NO. MHFA 18-

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM AND
LOW AND MODERATE INCOME RENTAL BRIDGE LOAN (LMIRBL) PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and permanent financing for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development:	The Hylands
Sponsors:	The Hylands II GP, LLC
Guarantors:	Andrew C. Chafoulis and Andrew C. Chafoulis Revocable Trust
Location of Development:	Rochester
Number of Units:	100
General Contractor:	Kraus-Anderson Construction Company, Minneapolis
Architect:	Blumentals Architecture, Inc., Minneapolis
Amount of Development Cost:	\$17,244,053
Amount of LMIR Mortgage Loan:	\$7,864,000
Amount of LMIR Bridge Loan (not to exceed)	\$4,090,000

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and Agency's rules, regulations and policies;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes a permanent mortgage loan from Minnesota Housing to the sponsor or an affiliate thereof from available funds in the Housing Investment Fund (Pool 2 under the LMIR Program) and a bridge loan from the proceeds of rental housing bonds (if authorized by the Board) for the development, upon the following terms and conditions:

1. The amount of the LMIR amortizing loan shall not exceed \$7,864,000; and
2. The interest rate on the permanent LMIR loan shall be 5.25 percent per annum (subject to change, as set forth in the attached Agency term letter dated December 5, 2018), plus 0.125 percent per

annum HUD Risk-share Mortgage Insurance Premium, with monthly payments based on a 35-year amortization; and

3. The term of the permanent LMIR loan shall be 35 years; and
4. The LMIR End Loan Commitment shall be entered into on or before June 30, 2019 and shall have an 18-month term, (which shall also be the LMIR Commitment Expiration Date); and
5. The amount of the LMIRBL shall not exceed \$4,090,000; and
6. The LMIRBL will be financed with the proceeds of tax-exempt rental housing bonds of the Agency, if approved by the Board, and is subject to the ability of the Agency to sell those bonds on terms and conditions, and in a time and manner acceptable to the Agency; and
7. The interest rate on the LMIRBL will be equal to the interest rate on the rental housing bonds issued to finance the LMIRBL plus one percent, interest will be payable monthly, and the principal will be due in a balloon payment no more than 18 months after closing; and
8. The LMIRBL Commitment shall be entered into on or before June 30, 2019 and shall have a six-month term (which shall also be the LMIRBL Commitment Expiration Date); and
9. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The commissioner is authorized to approve non-material modifications to those terms; and
10. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
11. Andrew C. Chafoulis and Andrew C. Chafoulis Revocable Trust shall each guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming stabilized expenses) for three successive months; and
12. Andrew C. Chafoulis and Andrew C. Chafoulis Revocable Trust shall each guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
13. Andrew C. Chafoulis and Andrew C. Chafoulis Revocable Trust shall each guarantee the mortgagor's payment of principal and interest under the LMIRBL Mortgage.
14. The sponsor, the builder, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deem necessary, shall execute all such documents relating to said loan, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deem necessary.

Adopted this 20th day of December 2018

CHAIRMAN



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 St. Paul, MN 55102
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 F: 651.296.8139 | TTY: 651.297.2361
 www.mnhousing.gov

December 5, 2018

Andrew Chafoulias
 Titan Development and Investments, Inc.
 30 Third Street SE, Suite 600
 Rochester, MN 55904

RE: Term Letter
 The Hylands, Rochester
 MHFA Development #1310, Project # 17672

Dear Mr. Chafoulias:

Minnesota Housing Finance Agency ("Minnesota Housing") staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the "Terms"). The Terms are subject to Minnesota Housing's Board of Directors' approval and meeting all underwriting standards, delivery of required due diligence, satisfactory loan documentation, and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

Borrower: A single asset entity: The Hylands II, Limited Partnership

General Partner: The Hylands II GP, LLC

Managing Member: ACC Holdings, L.L.C. / Andrew Chafoulias

Development Description/Purpose: Acquisition and rehabilitation of a 100-unit affordable development located in Rochester, Minnesota

Minnesota Housing Loan Type/Terms

Program:	Low and Moderate Income Rental Program (LMIR) (HUD Risk Share)	Low and Moderate Income Rental Program (LMIR) Bridge Loan**	Housing Infrastructure Bonds (HIB)
Loan Amount:	\$7,864,000	\$4,090,000	\$4,223,400
Interest Rate	* 5.25%	Bond financing rate plus 1%.***	%0
Mortgage Insurance Premium (%):	.125% (1 st year premium is paid in advance)	Not Applicable	Not Applicable
Term:	35	18 months	35
Amortization/Repayment:	35	Interest only during term	Deferred lump sum payment due in 35 years and an annual payment that is

			equal to 20% of the amount by which Eligible Cash (as defined in the Note) exceeds \$50,000.00.
Prepayment Provision:	No prepayment first 10 years from date of the Note.	Repayment can occur on any date on or after April 1, 2020.	No prepayment first 10 years from date of the HIB Note.
Nonrecourse or Recourse	Nonrecourse	Recourse	Nonrecourse
Construction/Permanent Loan or Construction Bridge Loan or End Loan	End Loan	Construction Bridge Loan	Construction/Permanent Loan
Lien Priority:	First	First (during construction period)	Second

*Subject to change. Interest rate to be set at the time the Minnesota Housing Board approves the loan commitment and will be locked for 6 months, after which it may be reset at Minnesota Housing's sole discretion.

**Subject to the ability of Minnesota Housing to sell bonds on terms and conditions, and in a time and manner, acceptable to Minnesota Housing.

***The current loan interest rate is approximately 3.50%.

Origination Fee: LMIR HUD Risk Share Loan: \$128,640
LMIR Bridge Loan: \$20,450
Both are payable at the earlier of loan commitment or loan closing.

Inspection Fee: \$1,000 (payable at the earlier of loan commitment or loan closing)

Guaranty/Guarantor(s): Completion, repayment and operations Guaranty to be provided by:
Andrew C. Chafoulias Revocable Trust and Andrew Chafoulias
Repayment and operations Guaranty to be provided by:
Andrew C. Chafoulias Revocable Trust and Andrew Chafoulias

Operating Deficit Reserve Account: \$235,920 to be funded on the day of the LMIR end loan closing by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing.

Operating Cost Reserve Account: Capitalized operating reserve in the amount of \$561,500 funded at stabilization. The operating reserve will not be held by Minnesota Housing.

Debt Service Reserve Account: Capitalized debt service reserve in the amount of \$75,000 funded at stabilization. The debt service reserve will not be held by Minnesota

Housing.

Replacement Reserve Account:	Capitalized replacement reserve in the amount of \$94,500 funded at construction loan closing. In addition, a replacement reserve will be required in the amount of \$450/unit/annum. The monthly replacement reserve will be \$3,750. The replacement reserve will be held by Minnesota Housing.
Escrows:	Real estate tax escrow and property insurance escrow to be established at time of permanent loan closing and held by Minnesota Housing.
Collateral/Security:	Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.
HAP or other Subsidy Agreement:	Commitment to 35 years of affordability from the date of loan closing under the Section 8 Program for 100 units.
Rent and Income Requirements under the HIB program:	<ul style="list-style-type: none"> ○ 100 units at 60% MTSP rent limits and 60% MTSP income limits ○ Under the HIB loan, in no case may the initial income for any household occupying an assisted unit exceed 80% of the greater of state or area median income as determined by HUD, and rents for assisted units may not exceed the affordable to local workforce rent limits, as published by MHFA.
Other Occupancy Requirements under the Tax Credit program:	<p>5 units set aside and rented to High Priority Homeless Households targeted to families with children</p> <p>5 units set aside for people with disabilities. Units must be restricted to households with incomes at or below 30% MTSP income limits.</p>
Other Requirements:	The HIB loan is subject to the terms in the attached Deferred Selection Criteria.
Closing Costs:	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
Expiration Date:	This term letter will expire on the earlier of (i) six months from the date of this letter or (ii) Board approval of a loan commitment.
Additional Terms:	Not applicable
Other Conditions:	Loan is contingent upon the Agency-ordered as-improved appraisal

having a restricted value of no less than \$9,039,080.

Board Approval: Commitment of all loans under the LMIR program, including LMIR Bridge Loan, is subject to Minnesota Housing's Board approval and adoption of a resolution authorizing the commitment of the loans.

Not a Binding Contract: This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Allison Ehlert at Allison.ehlert@state.mn.us on or before December 12, 2018.

If you have any questions related to this letter, please contact Caryn Polito at 651-297-3123 or by e-mail at caryn.polito@state.mn.us.

We appreciate the opportunity to work with you on your affordable housing development.

Sincerely,



Wesley J. Butler
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

THE HYLANDS II, LIMITED PARTNERSHIP

By: The Hylands II GP, LLC
Its: General Partner

By: ACC Holdings L.L.C.
Its: Manager

By: 
Its: President



Board Agenda Item: 7.A
Date: 12/20/2018

Item: Approval, Workforce Housing Development Program Funding Recommendations

Staff Contact(s):

Katie Moore, 651.296.6354, katie.moore@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff requests approval for the funding of two Workforce Housing Development Program applicants for a total amount of \$1,550,000.

Fiscal Impact:

The Workforce Housing Development Program is funded by state appropriations for the 2018-2019 biennium. Funding aligns with the agency's Affordable Housing Plan. As either grants or 0% deferred loans, these funding awards do not earn interest income for the Agency.

Meeting Agency Priorities:

- ☒ Address Specific and Critical Local Housing Needs
- ☐ Finance Housing Responsive to Minnesota's Changing Demographics
- ☐ Preserve Housing with Federal Project-Based Rent Assistance
- ☐ Prevent and End Homelessness
- ☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Funding Recommendations
- Program Background
- Resolution

Funding Recommendations:

In October 2018, Minnesota Housing released the Workforce Housing Development Program Request for Proposals (RFP) announcing \$1.9 million in available funds. Three applicants applied: the cities of Alexandria, Park Rapids and Winthrop. Staff is recommending funding two applications from the 2018 RFP for a total award of \$1,550,000.

The following table summarizes the final funding requests, funding recommendations and other pertinent information:

Applicant	Funding Request	Funding Option	Funding Recommendation	Number of Units	Total Development Costs (TDC)
City of Alexandria	\$ 1,000,000	Grant	\$ 1,000,000	32	\$ 5,656,595
City of Park Rapids	\$ 550,000	Grant	\$ 550,000	28	\$ 2,767,859
Total	\$ 1,550,000		\$ 1,550,000		\$ 8,424,454

Program Background:

The Workforce Housing Development Program is a competitive funding program that targets small to mid-size cities in Greater Minnesota that have a need for market rate, rental workforce housing. Grant funds or deferred loans are available to finance the construction of new residential rental properties in communities with proven job growth and demand for workforce rental housing. While statute allows mixed-income developments, the program has a statutory preference for projects with the highest percentage of market rate units.

In 2017, the Minnesota Legislature authorized Minnesota Housing to establish the Workforce Housing Development Program. The program was previously administered by the Department of Employment and Economic Development. The program received an appropriation of \$4 million for use during the 2018-2019 biennium. Minnesota Housing's first Workforce Housing Development Program RFP resulted in selected projects with total funding of \$2.073 million from the program.

Overview of 2018 RFP

In October 2018, Minnesota Housing released its second RFP, announcing the availability of the remaining \$1.927 million in funding. The Agency received three applications for a total request of \$1,670,000. Applications were assessed to determine if they met the following statutory threshold requirements:

- Eligible project area
- Vacancy rate at or below 5 percent
- Eligible uses
- Committed matching funds of a minimum of \$1 for every \$2 requested
- Community support as demonstrated by a letter from at least one employer with a minimum of 20 full-time equivalent employees

- A funding request at or below 25 percent of the total development costs.

Two members of the Minnesota Housing staff reviewed and scored the applications based on four selection categories: readiness to proceed; leverage; market characteristics; community size. Staff then presented these scores to a selection committee, along with a summary of market information, proposed rents and income levels to be served, development team capacity and general underwriting considerations. The selection committee assigned a feasibility score for each project. The scoring percentages used are shown below:

Category	Percent of Score
Feasibility (market information, rents and incomes, development team capacity)	25%
Readiness to Proceed (site control, zoning, secured financing)	20%
Leverage (funding request as a percentage of the total development costs)	25%
Market Characteristics (share of all units, number of units)	15%
Community Size (population of project area)	15%

During the review process, one applicant withdrew from consideration as a result of project feasibility concerns. Market rate rental developments from the cities of Alexandria and Park Rapids are both recommended for grant funding. Project construction will begin within 12 months of contract execution, and construction completion must occur within 24 months of construction start. Monitoring and reporting requirements will apply.

**MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102**

RESOLUTION NO. MHFA 18-

RESOLUTION APPROVING SELECTIONS FOR THE WORKFORCE HOUSING DEVELOPMENT PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an appropriation of funds to support the Workforce Housing Development Program; and

WHEREAS, the Agency has received applications for funds that will be used to build market rate residential rental properties in Greater Minnesota communities with proven job growth and demand for workforce rental housing; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.39; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Minnesota Housing staff to enter into Grant Contracts in the amounts listed below:

Applicant	Funding Option	Funding Recommendation
City of Alexandria	Grant	\$ 1,000,000
City of Park Rapids	Grant	\$ 550,000
		\$ 1,550,000

Adopted this 20th day of December 2018

CHAIRMAN



Board Agenda Item: 7.B
Date: 12/20/2018

Item: Approval, Revised Investments and Cash Management Policy

Staff Contact(s):

Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Terry Schwartz, 651.296.2404, terry.schwartz@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

As introduced and discussed at the Finance and Audit Committee meeting in November, staff seeks adoption of a revised Board Policy for Investments and Cash Management.

Fiscal Impact:

None directly; the Investments and Cash Management Policy provides the guidance for Agency staff to manage the Agency's cash and investments, thereby earning interest income from investments.

Meeting Agency Priorities:

- ☐ Address Specific and Critical Local Housing Needs
- ☐ Finance Housing Responsive to Minnesota's Changing Demographics
- ☐ Preserve Housing with Federal Project-Based Rent Assistance
- ☐ Prevent and End Homelessness
- ☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Investments and Cash Management Policy (additional edits blacklined compared to November draft)
- Investments and Cash Management Policy (clean version)

Policy 4 – Investments and Cash Management

Adopted: 06/22/1995

Amended: 10/22/1998; 03/22/2002; 01/23/2003; 02/25/2010; 12/20/18

Minnesota Housing (the “Agency”) strives to manage its cash and investment portfolio to ensure that principal and investment earnings are sufficient to achieve its strategic goals.

The Investments [and Cash Management](#) Policy is established to provide guidelines when investing funds (either directly or through an authorized agent such as the State Board of Investments (SBI), the Trustee under the Agency’s bond indentures, or other custodians of Agency cash and investments), to designate staff authorized to execute investment transactions, and to ensure to the extent possible the preservation of invested principal.

4.1 General Principles

The Agency strives to earn the highest rate of return on funds that is consistent with requirements of safety and liquidity and, in so doing, employs the standard of a prudent person. This policy addresses the investment of all Agency funds and funds held for others.

Safety of principal. A core objective of the Agency’s investment practices is to ensure the safety of principal by investing in direct obligations (or obligations guaranteed by) the United States government and its agencies, and other high quality investments.

Liquidity. In making investment decisions, the Agency will take into account the liquidity requirements of the Agency's operations, programs and debt service obligations. By anticipating cash needs and managing cash and investment maturities accordingly, the Agency expects to minimize the market risk inherent in having to liquidate investment securities prior to maturity.

Rate of return and risk. While maintaining focus on safety and liquidity, the Agency will seek to optimize investment earnings by managing its cash and purchasing investments with a reasonable rate of return consistent with the risk parameters of the specific investment.

The Agency does not set target rates of return for its investment portfolio. It is not the practice of the Agency to speculate on market trends; however, active cash and investment management may lead to periodic trading of securities or shifts in approach to cash management to improve yield, quality, liquidity or overall portfolio composition.

Any funds received by the Agency will be deposited as soon as possible upon receipt. Uninvested balances will be kept as low as is practical and a cash/investment sweep vehicle will be used to facilitate investment of funds not otherwise actively invested.

Standard of care. In the discharge of their duties, Agency staff charged with the responsibility of investing money shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom. _____

4.2 Eligible Investments

Generally speaking, eligible investments under the Agency's bond funds are determined pursuant to each of the Agency's bond indentures, while eligible investments for all other funds (i.e., General Reserve, Pools 2 and 3, and State and Federal Appropriated funds) are broadly described in Minnesota Statutes section 11A.24, as amended.

Subject to the parameters above, (as well as any other restrictions imposed by the bond indentures), Authorized Staff (as defined in Section 4.5 below) are allowed to manage cash and investments between funds, including buying and selling assets between funds, and transferring cash as appropriate.

While allowed under Minnesota Statutes 11A.24, as amended, Agency staff will discuss planned action with the Board prior to directly investing in the following instruments:

- Reverse repurchase agreements
- Puts and call options
- Futures contracts
- Guaranty fund certificates
- Surplus notes
- Debentures of domestic mutual insurance companies
- Corporate stocks
- Unrated corporate obligations
- Venture capital investment businesses through participation in limited partnerships and corporations
- Real estate ownership interests or loan secured by mortgages or deeds of trust or shares of real estate investment funds
- Resource investments
- International securities

The Agency is not ~~permitted to invest in any~~ allowed to invest in any of its own debt securities listed in, nor in any the debt securities issued by the state entities listed in, MMB Statewide Operating Policy 0104-01, of the State of Minnesota or any other State agency.

4.3 Repurchase Agreements

Repurchase agreements represent a buy-sell transaction. The Agency (the buyer) transfers cash to a broker-dealer or financial institution. At the same time, the broker-dealer or financial institution (the seller) transfers securities and promises to repay the cash and accrued interest on a specific date in the future for a predetermined amount for the "same securities".

Because repurchase agreements carry unique risks, the Agency will only allow its cash to be used in repurchase agreements under the auspices of the Agency's bond Trustee (currently Wells Fargo), or the State Board of Investment. The Trustee and SBI impose their own restrictions on investments in repurchase agreements (see below).

	Wells Fargo Bank, Minneapolis	State Board of Investments
Funds Involved:	Bond program funds and Alternative Loan Funds (Pool 2 and Pool 3)	Housing Development Fund (General Reserve & State Appropriated funds) and Federal Appropriated funds
Selection Criteria:		
Broker-Dealer	a) Any Primary dealer in United States reporting to the Federal Reserve Bank of New York or a securities broker-dealer registered with the SEC and NASD	a) Any Primary dealer in United States reporting to the Federal Reserve Bank of New York
	b) Assess people, reputation, fed. cap. adequacy test, recordkeeping	b) Assess people, reputation, recordkeeping, etc.
Banks	a) Bank or Trust company organized under the laws of any state of the United States (including the Trustee) having a combined capital and surplus that meets the requirements of the bond resolution or bond indenture	a) Limit to top 60 banks and Wells Fargo Bank and US Bank, locally
	b) Short-term rating: A1/P1 Long-term rating: A or better	
Collateral:		
Type	U.S. Treasuries or U.S. Agencies	U.S. Treasuries or U.S. Agencies
Collateral level	102%	102%
Maturity	No restriction	No restriction
Safekeeping	Wired to Federal Reserve; Wells Fargo Bank Trust Account	Collateral is held by third party bank or Wells Fargo Trust Account
Mark-to-market	Daily	Daily
	Securities adjusted as needed	
Substitution	Similar or higher quality collateral	Similar or higher quality collateral
Term:	14 days or less	7 days or less

4.4 Maturity

The Agency typically tries to manage the maturity of its investments so as to assure adequate liquidity to meet anticipated cash needs. This is done 1) to minimize reinvestment risk, 2) avoid sales of securities prior to maturity, and 3) to enhance investment rates by considering opportunities presented by taking advantage of the yield curve for US Treasury securities. ~~3) to enhance investment rates by taking advantage of the yield curve.~~

4.5 Authorized Staff

Staff authorized to direct the investment of Agency funds (Authorized Staff) are:

- Commissioner
- Chief Financial Officer
- Finance Director
- Controller
- Assigned Housing Financial Analysts (only with approval by Commissioner, Chief Financial Officer, Finance Director or Controller)

4.6 Procedures

(a) Prior to the investment of funds, parameters must be determined by reviewing applicable statutes, resolutions and Federal laws to determine eligible investments, maturity, valuation and yield restrictions. Questions relating to the above are resolved with the assistance of internal Agency counsel, bond counsel or Attorney General's staff.

(b) Absent specific maturity requirements in the statutes, bond resolutions, or bond indentures, liquidity and risk considerations are the primary factor in determining the maturity of any specific security investment. Authorized Staff should take into consideration yield curve advantages for maximizing yields. The Finance Director, Chief Financial Officer or Commissioner must approve all individual security investments with a maturity over 1 year in length.

(c) For those individual security investments which are unsecured, principal risk should be mitigated by ensuring that those entities the Agency is dealing with have either an A-1/P1 commercial paper rating, an A-/A2 or better long-term debt rating, or comparable credit.

(d) For investments in individual securities made through SBI, Authorized Staff communicates the security type and maturity parameters to the SBI. The SBI then obtains bids from participating dealers or institutions and decides on a trade. The brokers send confirmations to the SBI. The Agency subsequently receives a transaction advice from the Minnesota Management and Budget confirming the details of the trade.

For investments in individual securities made directly, Authorized Staff obtain bids from brokers and selects the most cost effective bid. Typically bids will be obtained from at least two, preferably three brokers. The broker sends confirmation advices to the Agency. The Agency issues an advice to the Trustee/custodian to confirm the investment and to direct the Trustee/custodian in the delivery of collateral, if necessary.

(e) It is generally the intent of the Agency to hold all investments in individual securities until

their maturity date. All external sales of investments prior to their maturity date must be approved by the Finance Director, the Chief Financial Officer or Commissioner.

(f) Internal trades of investment securities between Minnesota Housing funds may be directed by Authorized Staff.

(g) The State Board of Investment's "Securities Listing" is reviewed by the Finance Director monthly. The Trustee's daily investment reports are reviewed several times a month by the Finance Director and as necessary by the Chief Financial Officer.

(h) It is the responsibility of Authorized Staff, and, primarily, the Finance Director, to direct the cash and investment management activities of the Agency and to keep abreast of the latest developments within the investment community. Particular attention should be paid to both interest rate trends and items relating to the credit of, and the Agency's exposure to, various dealers, banks, securities and maintaining a balanced portfolio in these regards.

Policy 4 – Investments and Cash Management

Adopted: 06/22/1995

Amended: 10/22/1998; 03/22/2002; 01/23/2003; 02/25/2010; 12/20/18

Minnesota Housing (the “Agency”) strives to manage its cash and investment portfolio to ensure that principal and investment earnings are sufficient to achieve its strategic goals.

The Investments and Cash Management Policy is established to provide guidelines when investing funds (either directly or through an authorized agent such as the State Board of Investments (SBI), the Trustee under the Agency’s bond indentures, or other custodians of Agency cash and investments), to designate staff authorized to execute investment transactions, and to ensure to the extent possible the preservation of invested principal.

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Rate of return and risk. While maintaining focus on safety and liquidity, the Agency will seek to optimize investment earnings by managing its cash and purchasing investments with a reasonable rate of return consistent with the risk parameters of the specific investment.

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- Real estate ownership interests or loan secured by mortgages or deeds of trust or shares of real estate investment funds
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The Agency is not permitted to invest in any debt securities listed in, or in any debt securities issued by the state entities listed in, MMB Statewide Operating Policy 0104-01.

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	Wells Fargo Bank, Minneapolis	State Board of Investments
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Selection Criteria:		
Broker-Dealer	a) Any Primary dealer in United States reporting to the Federal Reserve Bank of New York or a securities broker-dealer registered with the SEC and NASD	a) Any Primary dealer in United States reporting to the Federal Reserve Bank of New York
	b) Assess people, reputation, fed. cap. adequacy test, recordkeeping	b) Assess people, reputation, recordkeeping, etc.
Banks	a) Bank or Trust company organized under the laws of any state of the United States (including the Trustee) having a combined capital and surplus that meets the requirements of the bond resolution or bond indenture	a) Limit to top 60 banks and Wells Fargo Bank and US Bank, locally
	b) Short-term rating: A1/P1 Long-term rating: A or better	
Collateral:		
Type	U.S. Treasuries or U.S. Agencies	U.S. Treasuries or U.S. Agencies
Collateral level	102%	102%
Maturity	No restriction	No restriction
Safekeeping	Wired to Federal Reserve; Wells Fargo Bank Trust Account	Collateral is held by third party bank or Wells Fargo Trust Account
Mark-to-market	Daily	Daily
	Securities adjusted as needed	
Substitution	Similar or higher quality collateral	Similar or higher quality collateral
Term:	14 days or less	7 days or less

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The Agency typically tries to manage the maturity of its investments so as to assure adequate liquidity to meet anticipated cash needs. This is done 1) to minimize reinvestment risk, 2) avoid sales of securities prior to maturity, and 3) to enhance investment rates by considering opportunities presented by the yield curve for US Treasury securities.

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(c) For those individual security investments which are unsecured, principal risk should be mitigated by ensuring that those entities the Agency is dealing with have either an A-1/P1 commercial paper rating, an A-/A2 or better long-term debt rating, or comparable credit.

(d) For investments in individual securities made through SBI, Authorized Staff communicates the security type and maturity parameters to the SBI. The SBI then obtains bids from participating dealers or institutions and decides on a trade. The brokers send confirmations to the SBI. The Agency subsequently receives a transaction advice from the Minnesota Management and Budget confirming the details of the trade.

For investments in individual securities made directly, Authorized Staff obtain bids from brokers and selects the most cost effective bid. Typically bids will be obtained from at least two, preferably three brokers. The broker sends confirmation advices to the Agency. The Agency issues an advice to the Trustee/custodian to confirm the investment and to direct the Trustee/custodian in the delivery of collateral, if necessary.

(e) It is generally the intent of the Agency to hold all investments in individual securities until their maturity date. All external sales of investments prior to their maturity date must be approved by the Finance Director, the Chief Financial Officer or Commissioner.

(f) Internal trades of investment securities between Minnesota Housing funds may be directed by Authorized Staff.

(g) The State Board of Investment's "Securities Listing" is reviewed by the Finance Director monthly. The Trustee's daily investment reports are reviewed several times a month by the Finance Director and as necessary by the Chief Financial Officer.

(h) It is the responsibility of Authorized Staff, and, primarily, the Finance Director, to direct the cash and investment management activities of the Agency and to keep abreast of the latest developments within the investment community. Particular attention should be paid to both interest rate trends and items relating to the credit of, and the Agency's exposure to, various dealers, banks, securities and maintaining a balanced portfolio in these regards.

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Board Agenda Item: 8A
Date: 12/20/2018

Item: 1st Quarter FY 2019 Financial Reporting Package

Staff Contact(s):

Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Terry Schwartz, 651.296.2404, terry.schwartz@state.mn.us

Debbi Larson, 651.296.8183, debbi.larson@state.mn.us

Request Type:

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> Approval | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input checked="" type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Review of 1st quarter fiscal year 2019 financial results.

Fiscal Impact:

None

Meeting Agency Priorities:

- ☐ Address Specific and Critical Local Housing Needs
- ☐ Finance Housing Responsive to Minnesota's Changing Demographics
- ☐ Preserve Housing with Federal Project-Based Rent Assistance
- ☐ Prevent and End Homelessness
- ☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- 1st Quarter Fiscal Year 2019 Operating Results; Noteworthy Items
- Financial Dashboard
- Selected Financial Statements

**Minnesota Housing Finance Agency
FY 2019 1st Quarter Financial Results
Noteworthy Items**

Balance Sheet – 9/30/18 vs. 9/30/17

Assets continue to grow and are up by \$291 million over prior year. We continue to recognize substantial growth in the Mortgage-Backed Securities (MBS) portfolio and a slight increase in other investments, offset by modest declines in loans.

Single family loans continue to run off as new loan production is securitized into MBS.

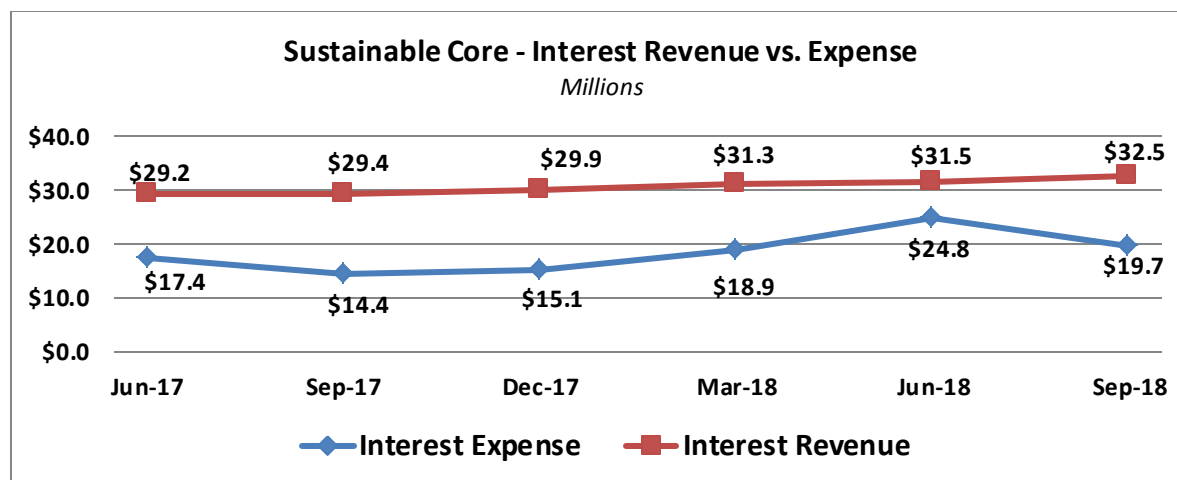
Bonds payable liability increased by \$300 million, due primarily to continued bond financing of our strong homeownership loan production.

Net position decreased by \$100 million, due primarily to the unrealized mark-to-market losses in our large MBS portfolio in a rising interest rate market, as well as to decreases in deferred outflows and increases in deferred inflows.

Operating Results – Fiscal Year to Date 2019 compared to Fiscal Year to Date 2018

In the Sustainable Core, Net Interest Income was \$12.8M in the 1st quarter, up from \$6.7M in the prior quarter and down from \$15.0M in the first quarter of last year.

Total interest revenue hit \$32.5M, up from \$31.5M in the 4th quarter last year and \$29.4m in the 1st quarter of last year. Interest expense was \$19.7M, up from \$14.4M in the year ago quarter but down from \$24.8M in the 4th quarter. Most of the volatility in quarterly interest expense is attributable to the accounting rules pertaining to the expense recognition of bond premium in new bond sales.



Operating expenses were \$7.6M for the quarter, down from \$16.7M in the 4th quarter but up from \$6.5m in the 2017 1st quarter.

At a Consolidated level, overall revenues exceeded overall expenses by \$37.1M for the quarter, which is down from \$60.9M in 2017 Q1, but up from a loss of (\$38.6M) in the 4th quarter. As a reminder, at the consolidated level, revenues and expenses can vary significantly from quarter to quarter for many reasons (e.g., appropriations received or disbursed) and therefore are generally not good indicators of overall financial health.

BALANCE SHEET*
Quarterly Financial Dashboard - Selected Reporting
As of September 30, 2018 - (\$ million)

	Quarter End	Prior Quarter End	Change from Prior Quarter	Year Ago **	Change From Year Ago
CONSOLIDATED					
Total Assets	3,948.0	3,818.5	129.5	3,656.6	291.4
<i>Program Securities</i>	2,172.7	2,151.4	21.3	1,876.5	296.2
<i>Loans, net</i>	979.3	992.7	(13.4)	1,050.1	(70.8)
<i>Other investments and cash</i>	766.7	644.8	121.9	709.6	57.1
Total Liabilities	3,123.7	3,011.9	111.8	2,779.3	344.4
Net Position					
<i>restricted by Resolution</i>	305.5	318.5	(13.0)	376.2	(70.7)
<i>restricted by Covenant</i>	471.5	465.2	6.3	472.4	(0.9)
<i>restricted by Law</i>	194.2	149.5	44.7	191.1	3.1
<i>unrestricted - State Appr-Backed Debt</i>	(160.8)	(140.9)	(19.9)	(128.2)	(32.6)
<i>other</i>	4.7	5.7	(1.0)	3.3	1.4
Total Net Position	815.1	798.0	17.1	914.8	(99.7)
CONSOLIDATED EXCLUDING APPROPRIATED					
Total Assets	3,716.8	3,649.4	67.4	3,453.1	263.7
Net Position	781.7	789.4	(7.7)	852.0	(70.3)
SUSTAINABLE CORE					
Total Assets	3,607.6	3,546.6	61.0	3,357.7	249.9
<i>Program Securities</i>	2,172.7	2,151.4	21.3	1,876.5	296.2
<i>Loans, net</i>	866.7	884.8	(18.1)	954.2	(87.5)
<i>Other investments & cash</i>	541.7	482.6	59.1	507.6	34.1
Total Liabilities	2,926.0	2,859.4	66.6	2,651.6	274.4
<i>Bonds payable, net</i>	2,772.3	2,687.8	84.5	2,465.5	306.8
Net Position	672.4	678.7	(6.3)	743.6	(71.2)

* Assets and liabilities do not include deferred inflows/outflows

** As restated for State appropriated debt liability

STATEMENT OF OPERATIONS
Quarterly Financial Dashboard - Selected Reporting
As of September 30, 2018 - (\$ million)

	This Quarter	Prior Quarter	Change from Prior Quarter	FYTD	Last Year FYTD	Change
CONSOLIDATED						
Revenues	130.8	71.0	59.8	130.8	156.0	(25.2)
Expenses	93.7	109.6	(15.9)	93.7	95.1	(1.4)
Net	37.1	(38.6)	75.7	37.1	60.9	(23.8)
SUSTAINABLE CORE						
Interest revenue	32.5	31.5	1.0	32.5	29.4	3.1
Other revenue	11.1	20.8	(9.7)	11.1	9.6	1.5
Unrealized gain (loss)	(13.8)	(11.7)	(2.1)	(13.8)	10.6	(24.4)
TOTAL REVENUE	29.8	40.6	(10.8)	29.8	49.6	(19.8)
Interest Expense	19.7	24.8	(5.1)	19.7	14.4	5.3
Operating Expenses(1)	7.6	16.7	(9.1)	7.6	6.5	1.1
Other Expenses	8.7	7.7	1.0	8.7	10.9	(2.2)
TOTAL EXPENSE	36.0	49.2	(13.2)	36.0	31.8	4.2
Revenue over Expense	(6.2)	(8.6)	2.4	(6.2)	17.8	(24.0)
Net Interest Income	12.8	6.7	6.1	12.8	15.0	(2.2)
<i>Annualized Net Interest Margin(2)</i>	<i>1.43%</i>	<i>0.77%</i>		<i>1.43%</i>	<i>1.79%</i>	

(1) Salaries, benefits and other general operating

(2) Annualized Net Interest Income/Average assets for period

Proprietary Funds
As of September 30, 2018 (with comparative totals as of September 30, 2017)

Assets

Cash and cash equivalents	60,611	\$	23,365	\$	150,170	\$	47,228	\$	1,487	\$	-	\$	129,100	\$	7,049	\$	419,010	\$	460,625
Investments-program mortgage-backed securities	-	-	-	-	720,807	-	1,451,848	-	-	-	-	-	-	-	-	-	2,172,655	-	1,876,465
Investment securities-other	29,865	-	20,564	-	227,730	-	-	-	-	-	17,719	-	47,447	-	4,350	-	347,675	-	249,006
Loans receivable, net	-	-	137,105	-	785,394	-	-	-	13,897	-	-	-	42,904	-	-	-	979,300	-	1,050,115
Interest receivable on loans and program mortgage-backed securities	-	-	602	-	5,722	-	4,609	-	51	-	-	-	39	-	-	-	11,023	-	10,673
Interest receivable on investments	105	-	105	-	994	-	52	-	2	-	47	-	217	-	13	-	1,535	-	1,159
Interest rate swap agreements	-	-	-	-	4,827	-	-	-	-	-	-	-	-	-	-	-	4,827	-	-
FHA/VA insurance claims, net	-	-	-	-	841	-	-	-	-	-	-	-	-	-	-	-	841	-	1,446
Real estate owned, net	-	-	-	-	1,249	-	-	-	-	-	-	-	-	-	-	-	1,249	-	1,680
Capital assets, net	4,727	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,727	-	3,306
Other assets	2,368	-	23	-	2,615	-	24	-	-	-	-	-	-	-	126	-	5,156	-	2,118

Total assets	97,676		181,764		1,900,349		1,503,761		15,437		17,766		219,707		11,538		3,947,998		3,656,593
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Deferred Outflows of Resources

Deferred loss on refunding	-	-	-	-	1,754	-	-	-	-	-	-	-	-	-	-	-	1,754	-	124
Deferred loss on interest rate swap agreements	-	-	-	-	239	-	-	-	-	-	-	-	-	-	-	-	239	-	4,927
Deferred pension expense	38,618	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,618	-	53,275
Total deferred outflows of resources	38,618	-	-	-	1,993	-	-	-	-	-	-	-	-	-	-	-	40,611	-	58,326

Total assets and deferred outflows of resources	\$ 136,294		\$ 181,764		\$ 1,902,342		\$ 1,503,761		\$ 15,437		\$ 17,766		\$ 219,707		\$ 11,538		\$ 3,988,609		\$ 3,714,919
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Liabilities

Bonds payable, net	\$	-	\$	34,115	\$	1,227,810	\$	1,478,566	\$	13,660	\$	18,139	\$	160,835	\$	-	\$	2,933,125	\$	2,593,764
Interest payable	-	-	200	-	9,181	-	4,644	-	34	-	47	-	-	-	-	-	-	14,106	-	12,912
Interest rate swap agreements	-	-	-	-	1,908	-	-	-	-	-	-	-	-	-	-	-	-	1,908	-	4,927
Net pension liability	47,879	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,879	-	76,077
Accounts payable and other liabilities	3,474	-	2,420	-	16,356	-	74	-	-	-	-	-	6	-	20	-	-	22,350	-	11,111
Interfund payable (receivable)	(23,693)	-	-	-	22,773	-	4	-	-	-	-	-	804	-	112	-	-	-	-	-
Funds held for others	67,475	-	-	-	1,250	-	-	-	-	-	(420)	-	36,055	-	3	-	-	104,363	-	80,524
Total liabilities	95,135		36,735		1,279,278		1,483,288		13,694		17,766		197,700		135			3,123,731		2,779,315

Deferred Inflows of Resources

Deferred gain on interest rate swap agreements	-	-	-	-	4,827	-	-	-	-	-	-	-	-	-	-	-	4,827	-	-
Deferred revenue-service release fee	-	-	-	-	9,966	-	7,268	-	-	-	-	-	-	-	-	-	17,234	-	15,234
Deferred pension credit	27,699	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,699	-	5,554
Total deferred inflows of resources	27,699	-	-	-	14,793	-	7,268	-	-	-	-	-	-	-	-	-	49,760	-	20,788

Total liabilities and deferred inflows of resources	\$ 122,834		\$ 36,735		\$ 1,294,071		\$ 1,490,556		\$ 13,694		\$ 17,766		\$ 197,700		\$ 135		\$ 3,173,491		\$ 2,800,103
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Commitments and contingencies

Net Position

Restricted by bond resolution	-	-	145,029	-	145,487	-	13,205	-	1,743	-	-	-	-	-	-	-	305,464	-	376,235
Restricted by covenant	8,733	-	-	-	462,784	-	-	-	-	-	-	-	-	-	-	-	471,517	-	472,431
Restricted by law	-	-	-	-	-	-	-	-	-	-	-	-	182,842	-	11,403	-	194,245	-	191,059
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	-	-	-	-	-	-	(160,835)	-	-	-	(128,215)	-	(128,215)
Invested in capital assets	4,727	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,727	-	3,306
Total net position	13,460		145,029		608,271		13,205		1,743		-		22,007		11,403		815,118		914,816

Total liabilities, deferred inflows of resources, and net position	\$ 136,294		\$ 181,764		\$ 1,902,342		\$ 1,503,761		\$ 15,437		\$ 17,766		\$ 219,707		\$ 11,538		\$ 3,988,609		\$ 3,714,919
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This information on the funds of the Agency for the three-month period ended September 30, 2018 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the three-month period ended September 30, 2018, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2018 and for the fiscal year then ended.

Minnesota Housing Finance Agency
Fund Financial Statements
Statement of Revenues, Expenses and Changes in Net Position (in thousands) - UNAUDITED
Proprietary Funds
Three Months Ended September 30, 2018 (with comparative totals for
Three Months Ended September 30, 2017)

Revenues																		
Interest earned on loans	\$	-	\$	1,836	\$	9,954	\$	-	\$	153	\$	76	\$	-	\$	12,019	\$	13,516
Interest earned on investments-program mortgage-backed securities		-		-		5,548		12,473		-		-		-		18,021		13,570
Interest earned on investments-other		137		274		2,192		135		6		143		804		3,747		3,317
Net G/L on Sale of MBS Held for Sale/HOMES SM Certificates		-		-		1,383		-		-		-		-		1,383		508
Appropriations received		-		-		-		-		-		-		52,911		99,671		104,383
Administrative reimbursement		6,492		-		-		-		-		-		-		6,492		6,018
Fees earned and other income		2,388		42		646		271		-		-		82		3,429		4,199
Unrealized gains (losses) on investments		-		(66)		(1,388)		(12,404)		-		-		(84)		(13,942)		10,473
Total revenues		9,017		2,086		18,335		475		159		143		53,789		130,820		155,984
Expenses																		
Interest		-		299		8,575		10,547		103		143		-		19,667		14,378
Financing, net		-		-		859		1,460		-		-		-		2,319		4,622
Loan administration and trustee fees		-		26		665		139		1		-		16		847		881
Administrative reimbursement		-		286		3,042		2,216		23		-		804		6,371		5,704
Salaries and benefits		6,609		-		-		-		-		-		-		6,609		6,383
Other general operating		592		3		1,048		25		-		-		212		1,880		737
Appropriations disbursed		-		-		-		-		-		-		6,703		53,192		54,444
Reduction in carrying value of certain low interest rate deferred loans		-		-		-		-		-		-		-		-		-
Provision for loan losses		-		(34)		590		-		-		-		1,546		2,227		6,920
Total expenses		7,201		580		15,460		14,387		127		143		9,328		93,715		95,110
Revenues over (under) expenses		1,816		1,506		2,875		(13,912)		32		-		44,461		37,105		60,874
Other changes																		
Non-operating transfer of assets between funds & Adj.		(2,975)		-		(1,884)		4,859		-		-		(19,943)		(19,943)		4,770
Change in net position		(1,159)		1,506		991		(9,053)		32		-		24,518		17,162		65,644
Net Position																		
Total net position, beginning of period		14,619		143,523		607,280		22,258		1,711		-		(2,511)		797,956		849,172
Total net position, end of period		\$ 13,460		\$ 145,029		\$608,271		\$ 13,205		\$ 1,743		\$ -		\$ 22,007		\$ 815,118		\$ 914,816

This information on the funds of the Agency for the three-month period ended September 30, 2018 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the three-month period ended September 30, 2018, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2018 and for the fiscal year then ended.

Total net position, beginning of period adjusted to GASB 68.

Minnesota Housing Finance Agency
Supplementary Information(Unaudited)
Statement of Net Position (in thousands)
General Reserve & Bond Funds
As of September 30, 2018 (with comparative totals for
September 30, 2017)

	Bond Funds						General Reserve & Bond Funds		General Reserve & Bond Funds		General Reserve & Bond Funds		General Reserve & Bond Funds	
	Residential Housing Finance			Homeownership Finance			Multifamily Housing Bonds		Excluding Pool 3 Total As Of		Excluding Pool 3 Total As Of		Excluding Pool 3 Total As Of	
	Bonds		Pool 2	Bonds		Bonds	Bonds		September 30, 2018		September 30, 2017		September 30, 2018	
	General Reserve	Rental Housing						HOMES SM	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Assets														
Cash and cash equivalents	\$ 60,611	\$ 23,365	\$ 129,640	\$ 14,064	\$ 47,228	\$ 1,487	\$ -	\$ -	\$ 276,395	\$ 323,293	\$ 6,466	\$ -	\$ 282,861	\$ 332,941
Investments-program mortgage-backed securities	-	-	720,807	-	1,451,848	-	-	-	2,172,655	1,876,465	-	-	2,172,655	1,876,465
Investment securities-other	29,865	20,564	19,418	177,703	-	-	-	17,719	265,269	184,300	30,609	-	295,878	216,436
Loans receivable, net	-	137,105	438,063	277,630	-	13,897	-	-	866,695	954,155	69,701	-	936,396	1,007,587
Interest receivable on loans and program mortgage-backed securities	-	602	4,458	1,200	4,609	51	-	-	10,920	10,576	64	-	10,984	10,642
Interest receivable on investments	105	105	308	621	52	2	-	47	1,240	878	65	-	1,305	954
Interest rate swap agreements	-	-	4,827	-	-	-	-	-	4,827	-	-	-	4,827	-
FHA/VA insurance claims, net	-	-	841	-	-	-	-	-	841	1,446	-	-	841	1,446
Real estate owned, net	-	-	1,012	237	-	-	-	-	1,249	1,680	-	-	1,249	1,680
Capital assets, net	4,727	-	-	-	-	-	-	-	4,727	3,306	-	-	4,727	3,306
Other assets	2,368	23	24	328	24	-	-	-	2,767	1,612	2,263	-	5,030	1,613
Total assets	97,676	181,764	1,319,398	471,783	1,503,761	15,437	17,766	-	3,607,585	3,357,711	109,168	-	3,716,753	3,453,070
Deferred Outflows of Resources														
Deferred loss on refunding	-	-	1,754	-	-	-	-	-	1,754	124	-	-	1,754	124
Deferred loss on interest rate swap agreements	-	-	239	-	-	-	-	-	239	4,927	-	-	4,927	4,927
Deferred pension expense	38,618	-	-	-	-	-	-	-	38,618	53,275	-	-	38,618	53,275
Total deferred outflows of resources	38,618	-	1,993	-	-	-	-	-	40,611	58,326	-	-	40,611	58,326
Total assets and deferred outflows of resources	\$ 136,294	\$ 181,764	\$ 1,321,391	\$ 471,783	\$ 1,503,761	\$ 15,437	\$ 17,766	\$ -	3,648,196	3,416,037	\$ 109,168	\$ -	3,757,364	\$ 3,511,396
Liabilities														
Bonds payable, net	\$ -	\$ 34,115	\$ 1,155,630	\$ 72,180	\$ 1,478,566	\$ 13,660	\$ 18,139	\$ -	2,772,290	2,465,549	\$ -	\$ -	2,772,290	\$ 2,465,549
Interest payable	-	200	9,077	104	4,644	34	47	-	12,912	12,912	-	-	14,106	12,912
Interest rate swap agreements	-	-	1,908	-	-	-	-	-	4,927	4,927	-	-	1,908	4,927
Net pension liability	47,879	-	-	-	-	-	-	-	76,077	76,077	-	-	47,879	76,077
Accounts payable and other liabilities	3,474	2,420	427	15,872	74	-	-	-	22,267	11,026	57	-	22,324	11,072
Interfund payable (receivable)	(23,693)	-	(4)	22,935	4	-	-	-	(758)	12,021	(158)	-	(916)	(1,028)
Funds held for others	67,475	-	-	1,250	-	-	(420)	-	68,305	69,127	-	-	68,305	69,127
Total liabilities	95,135	36,735	1,167,038	112,341	1,483,288	13,694	17,766	-	2,925,997	2,651,639	(101)	-	2,925,896	2,638,636
Deferred Inflows of Resources														
Deferred gain on interest rate swap agreements	-	-	4,827	-	-	-	-	-	4,827	-	-	-	4,827	-
Deferred revenue-service release fee	-	-	4,039	5,927	7,268	-	-	-	17,234	15,234	-	-	17,234	15,234
Deferred pension credit	27,699	-	-	-	-	-	-	-	27,699	5,554	-	-	27,699	5,554
Total deferred inflows of resources	27,699	-	8,866	5,927	7,268	-	-	-	49,760	20,788	-	-	49,760	20,788
Total liabilities and deferred inflows of resources	\$ 122,834	\$ 36,735	\$ 1,175,904	\$ 118,268	\$ 1,490,556	\$ 13,694	\$ 17,766	\$ -	2,975,757	2,672,427	\$ (101)	\$ -	2,975,656	\$ 2,659,424
Commitments and contingencies														
Net Position														
Restricted by bond resolution	-	145,029	145,487	-	13,205	1,743	-	-	305,464	376,235	-	-	305,464	376,235
Restricted by covenant	8,733	-	-	353,515	-	-	-	-	362,248	364,069	109,269	-	471,517	472,431
Restricted by law	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Invested in capital assets	4,727	-	-	-	-	-	-	-	4,727	3,306	-	-	4,727	3,306
Total net position	13,460	145,029	145,487	353,515	13,205	1,743	-	-	672,439	743,610	109,269	-	781,708	851,972
Total liabilities, deferred inflows, and net position	\$ 136,294	\$ 181,764	\$ 1,321,391	\$ 471,783	\$ 1,503,761	\$ 15,437	\$ 17,766	\$ -	3,648,196	3,416,037	\$ 109,168	\$ -	3,757,364	\$ 3,511,396

This information on the funds of the Agency for the three-month period ended September 30, 2018 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the three-month period ended September 30, 2018, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2018 and for the fiscal year then ended.

Minnesota Housing Finance Agency
Supplementary Information (Unaudited)
Statement of Revenues, Expenses and Changes in Net Position (in thousands)
General Reserve & Bond Funds
Three Months Ended September 30, 2018 (with comparative totals for the three months ended September 30, 2017)

Revenues

Interest earned on loans
Interest earned on investments-program mortgage-backed securities
Interest earned on investments-other
Net G/L on Sale of MBS Held for Sale/HOMES® Certificate
Appropriations received
Administrative reimbursement
Fees earned and other income
Unrealized gains (losses) on Investments

\$	-	1,836	\$	6,002	\$	3,860	\$	-	\$	153	\$	-	\$	11,851	\$	13,257	\$	92	\$	11,943	\$	13,297
	-	-	-	5,548	-	-	12,473	-	-	-	-	-	-	18,021	-	13,570	-	-	-	18,021	-	13,570
137	274	274	675	1,304	135	6	143	143	2,674	2,567	213	213	2,887	2,763	2,763	2,567	2,567	213	2,887	2,763	2,763	
-	-	-	-	1,383	-	-	-	-	1,383	508	-	-	-	1,383	508	508	508	-	-	1,383	508	
6,492	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2,388	42	42	152	324	271	-	-	-	3,177	3,093	170	170	3,347	3,118	3,118	3,093	3,093	170	3,347	3,118	3,118	
-	(66)	(66)	(6,876)	5,579	(12,404)	-	-	-	(13,767)	10,577	(91)	(91)	(13,858)	10,535	10,535	10,577	10,577	(91)	(13,858)	10,535	10,535	
9,017	2,086	2,086	5,501	12,450	475	159	143	143	29,831	49,590	384	384	30,215	49,809	49,809	49,590	49,590	384	30,215	49,809	49,809	

Expenses

Interest
Financing, net
Loan administration and trustee fees
Administrative reimbursement
Salaries and benefits
Other general operating
Appropriations disbursed
Reduction in carrying value of certain low interest rate deferred loans
Provision for loan losses

-	299	8,298	277	10,547	103	19,667	14,378	-	19,667	14,378	-	-	19,667	14,378
-	-	856	3	1,460	-	2,319	4,622	-	2,319	4,622	-	-	2,319	4,622
-	26	423	237	139	1	826	857	5	831	860	5	5	831	860
-	286	1,962	743	2,216	23	5,230	4,854	337	5,230	4,854	337	337	5,567	5,180
6,609	-	-	-	-	-	6,609	6,383	-	6,609	6,383	-	-	6,609	6,383
592	3	22	375	25	-	1,017	94	651	1,668	694	651	651	1,668	694
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	(42)	-	-	(42)	(21)	723	681	947	723	723	681	947
-	(34)	(84)	535	-	-	417	646	139	556	701	139	139	556	701
7,201	580	11,477	2,128	14,387	127	36,043	31,813	1,855	37,898	33,765	1,855	1,855	37,898	33,765
1,816	1,506	(5,976)	10,322	(13,912)	32	(6,212)	17,777	(1,471)	(7,683)	16,044	(1,471)	(1,471)	(7,683)	16,044

Other changes

Non-operating transfer of assets between funds

(2,975)	-	443	(2,327)	4,859	-	-	-	-	-	-	-	-	-	-
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Change in net position

(1,159)	1,506	(5,533)	7,995	(9,053)	32	(6,212)	17,777	(1,471)	(7,683)	16,044	(1,471)	(1,471)	(7,683)	16,044
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Net Position

Total net position, beginning of period

14,619	143,523	151,020	345,520	22,258	1,711	678,651	725,833	110,740	789,391	835,928	110,740	110,740	789,391	835,928
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Total net position, end of period

\$ 13,460	\$ 145,029	\$ 145,487	\$ 353,515	\$ 13,205	\$ 1,743	\$ 672,439	\$ 743,610	\$ 109,269	\$ 781,708	\$ 851,972	\$ 109,269	\$ 109,269	\$ 781,708	\$ 851,972
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This information on the funds of the Agency for the three-month period ended September 30, 2018 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the three-month period ended September 30, 2018 subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2018 and for the fiscal year then ended.

Total net position, beginning of period adjusted to GASB 68.

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Item: Consolidated Annual Performance and Evaluation Report (CAPER)**Staff Contact(s):**

Jessica Deegan, 651.297.3120, jessica.deegan@state.mn.us

Request Type:

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> Approval | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input checked="" type="checkbox"/> Information |

Summary of Request:

Staff is submitting the agency's Consolidated Annual Performance and Evaluation Report (CAPER) to the US Department of Housing and Urban Development to report on activities during Federal Fiscal Year 2018 for the HOME Investment Partnerships (HOME), National Housing Trust Fund (NHTF), and Housing Opportunities for Persons with AIDS (HOPWA) programs as well as actions completed to address impediments to fair housing choice.

Fiscal Impact:

Reports on Federal Fiscal Year 2018 expenditures from HOME and HOPWA grants totaling \$4.8 million.

Meeting Agency Priorities:

- ☒ Address Specific and Critical Local Housing Needs
- ☒ Finance Housing Responsive to Minnesota's Changing Demographics
- ☒ Preserve Housing with Federal Project-Based Rent Assistance
- ☐ Prevent and End Homelessness
- ☒ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Summary and Background

Background

Minnesota Housing, along with the Department of Employment and Economic Development and Department of Human Services, reports annually on certain federal funds administered by the US Department of Housing and Urban Development. The activities covered by the report occurred during Federal Fiscal Year 2018 (October 1, 2017-September 30, 2018). For Minnesota Housing, this includes activity funded by the HOME Investment Partnerships (HOME), National Housing Trust Fund (NHTF), and the Housing Opportunities for Persons with AIDS (HOPWA) programs. In addition, this report includes actions to address impediments to fair housing choice completed during the year.

Summary of Program Activities

During Federal Fiscal Year 2018, the agency expended \$4.6 million in HOME resources placing 122 units in service, and assisted 174 households through HOPWA with nearly \$175,000 in resources. No NHTF dollars were committed during the year.

The agency is on track to meet its affordable housing goals as part of the 5 year plan (this report reflects year 2 of the plan). However, for the current year the agency did not meet our stated goals for affordable rental production using HOME and NHTF to rehabilitate 125 units and construct 125 units. The lower number in this program year resulted from switching from a practice of making the resources available in advance of the program year in which federal resources were expected to a practice of including the resources after the federal resources are actually available. The switch was made due to federal budget uncertainty and resulted in a year in which no resources were allocated in the agency's consolidated Request for Proposals (RFP) in 2017.

Summary of Fair Housing Activities

During the last year, Minnesota Housing took many actions to address impediments to fair housing choice. These actions are based upon the existing Analysis of Impediments (AI) plan in effect during the program year, and are not inclusive of actions addressed in the 2019 Analysis of Impediments adopted by the board in September 2018. Some highlights of our efforts this past year include:

- We expanded our consideration of Affirmative Fair Housing Marketing Plans (AFHMPs) beyond HUD Section 8 properties to include the rest of our portfolio of multifamily rental properties, and supported the development of a tool to assist owners in creating AFHMPs. These marketing plans help owners identify protected classes (race/ethnicity, family status, disability) that may be least likely to apply for housing and create marketing plans for outreach to those households.
- We continued important partnerships with the Minnesota Multi Housing Association and Minnesota NAHRO to develop training materials and educational materials about fair housing to landlords across the state. The primary conference where this training occurs is the Working Together Conference held in the spring of each year.
- Minnesota Housing incents investments to promote access to housing in areas where there is high opportunity and where increased opportunity is available in historically disinvested areas. During FFY 2018, developments including 346 rental units were selected in areas of opportunity as a result of the consolidated RFP process.
- The agency is continuing to work to enhance homebuyer understanding of real estate transactions and ensure that homebuyers and owners have information on predatory lending, credit denial guidelines, or concerns with discrimination through a series of counseling programs. As part of this work, Minnesota Housing co-leads the Homeownership Opportunity Alliance, a network of organizations committed to providing equitable access to homeownership.

opportunities to all Minnesotans. Of the homeownership loans Minnesota Housing financed in 2018, 34.3% were to households of color.

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Item: Post-Sale Report, Residential Housing Finance Bonds (RHFB) 2018 EFGH

Staff Contact(s):

Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> Approval | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input checked="" type="checkbox"/> Information |

Summary of Request:

The Agency sold \$150,000,000 of Residential Housing Finance Bonds on November 14, 2018 with a closing on December 12, 2018. In accordance with the Debt and Balance Sheet Management Policy the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact:

None.

Meeting Agency Priorities:

- ☐ Address Specific and Critical Local Housing Needs
- ☐ Finance Housing Responsive to Minnesota's Changing Demographics
- ☐ Preserve Housing with Federal Project-Based Rent Assistance
- ☐ Prevent and End Homelessness
- ☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

Post-Sale Report

MEMORANDUM

Date: December 4, 2018

To: Minnesota Housing Finance Agency

From: Gene Slater, Tim Rittenhouse, Eric Olson, David Jones

Re: Post-Sale Report
\$150,000,000 Residential Housing Finance Bonds (RHFB)
2018 Series EFGH

KEY RESULTS FOR MINNESOTA HOUSING

Opportunity. This bond issue, together with money from hedge gains and bond premiums, financed approximately \$153.9 million of new Start-Up mortgages.

Overall Purpose. Series EFGH accomplished the following major objectives:

Enabled Minnesota Housing to profitably finance tax-exempt eligible production on the balance sheet. This helps Minnesota Housing to earn net annual income over future years.

Achieved full spread, and financed new loans without using any of Minnesota Housing's existing zero participations.

Key Measurable Objectives and Accomplishments. The results of the issue were very successful:

Objective	Result
Finance new production on balance sheet	\$153.9 million of new loans in MBS securities
Leverage private activity bond volume cap	Used \$44.2 million of recycling and \$35 million of taxable debt to leverage \$73.5 million of new money PAB.
Provide at least a similar return to the Agency as selling new loans on the secondary market	Higher return from including loans in the new issue than from selling them (based on average prepayment speeds the Agency has recently experienced on similar loans). The break-even prepayment speed is 175% PSA compared to 120% on the Agency's recent portfolio.
Strengthen the RHFB indenture going forward	Increases the expected net present value to the Agency by approximately \$4.3 million.
Achieve full spread on the overall transaction	Agency is expected to earn the equivalent of full spread by taking into account the bond earnings and hedge gains
Minimize use of any existing zero participations	None were needed

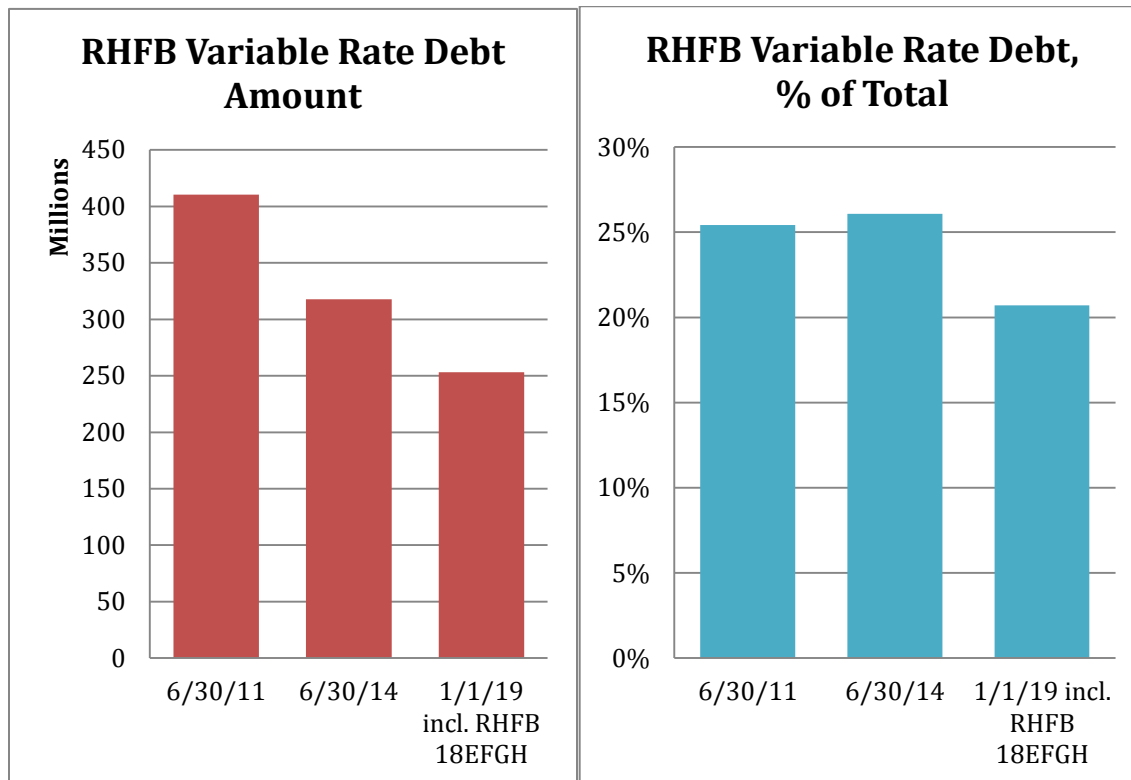
Variable Rate Debt. An important design decision was to include a variable rate series with an interest rate swap, Series G for \$35 million or 23.3% of the total issue.

Reason for Variable Rate Debt. The benefit of including the swapped variable rate debt is to lower the average all-in cost to Minnesota Housing and thus avoid the need for zeros in the transaction. This variable rate series was designed in accordance with the criteria that have been provided to the Board, including:

obtaining liquidity, either from a bank counterparty or as the case here, by issuing floating rate notes, having that liquidity extend for the entire period until the swap is first optionally terminable at par by Minnesota Housing (in this case 5 years, until December 2023), and using a swap from a highly rated counterparty, in this case RBC (rated Aa2 by Moody's and AA- by S&P).

Liquidity. Series H was designed as a tax-exempt Floating Rate Note ("FRN"), which pays an interest rate of SIFMA (the national index for short-term tax-exempt variable rate bonds) plus 55 basis points. (This compares with 43 basis points on Series D in June). Unlike variable rate demand bonds, the bondholder does not have the right to put back the bond; the Agency thus does not need to pay for a standby bond purchase agreement and remarketing agent; nor does the Agency take the risk that the standby bond purchase agreement provider is downgraded. At the end of 5 years, the Agency would repurchase the FRN by issuing a new FRN or variable rate demand bond with a standby bond purchase agreement or a fixed rate bond. (If the FRN is not repurchased, rather than becoming immediately due, the FRN's interest rate temporarily increases, which is less stressful from a rating agency perspective than becoming bank bonds under a standby bond purchase agreement.) The FRN thus serves the same purpose as a standby bond purchase agreement, but with fewer risks and at a somewhat lower cost.

Scale of Total Variable Rate Debt. Because of the significant pay down of past variable rate series, the amount of Minnesota Housing's variable rate debt is very reasonable from a rating agency perspective, compared to other HFAs that use such debt. Including Series H, both the amount and percentage of variable rate debt in RHFB is significantly lower than in past years, as shown below.



For the Agency as a whole, **less than 10% of the Agency's debt is variable rate.**

Interest Rate Swap. The swap with RBC extends to July 1, 2041 at a fixed rate of 2.8035% payable by the Agency. RBC pays a floating rate to the Agency of 70% of 1-month LIBOR. Beginning January 1, 2024, the swap is cancellable each January 1 and July 1 at the Agency's option at no cost. This indicates the benefit of low swap rates in today's market and the modest cost of assuring flexibility for the housing finance agency to terminate the swap as needed.

Relationship to Recent and Future Issues and Loan Pipeline. In 2018 so far, Minnesota Housing has issued four successful new pass-through bond issues under its newer, Aaa-rated Homeownership Finance Bond indenture. It is desirable, however, to take advantage of the ability to be able to use the RHFB indenture to issue variable rate debt, refund and replace old higher rate bonds in the RHFB indenture and pledge older mortgages to shorten the average life of new bonds, so as to efficiently finance new production.

Future Issues. The Agency is in a good position to continue its single-family program. Demand by first-time homebuyers remains very strong. The Agency has the flexibility of issuing either traditionally structured bonds in RHFB or pass-through bonds in HFB in order to attract investors. Going into 2019, Minnesota Housing has a balance of approximately \$28 million of zero participations to help ensure it earns a full spread on its future bond issues.

The major constraint is the shortage of new private activity bond volume cap. Given increasing demand for volume cap for multi-family 4% tax credit projects (both by the Agency and local issuers), the Agency seeks to leverage new volume cap as efficiently as possible, utilizing:

remaining single-family carryforward volume cap from several years ago that is gradually being depleted; the Agency's volume cap recycling line of credit with RBC that allows it to retain bond authority from old bonds being redeemed each month. This has proven very effective in preserving old volume cap and was re-established earlier this year to provide additional capacity; use of zero participations to enable the Agency to issue taxable bonds in conjunction with tax-exempt debt while remaining at full spread.

Relationship to Pipeline. The new loans were hedged in the TBA market until after bond pricing to protect the Agency from interest rate risk on its new lending.

YEAR TO DATE

Volume Cap. So far in 2018, Minnesota Housing has bond financed a total of \$577.5 million of mortgages, by using:

\$179.1 million of new volume cap (31%)

\$195.6 million of recycling (34%)

\$202.8 million of taxable debt (35%)

New volume cap was thus leveraged 3.2 times.

Zero Participations. Minnesota Housing began 2018 with \$47 million of zero participations and currently has \$26 million of zero participations. It will require careful husbanding of this resource on issues in 2019 in order to preserve flexibility for future years. This may require somewhat greater use of variable rate debt to offset the impact of leveraging taxable bonds.

TIMING AND STRUCTURE

Timing. The fixed rate bonds were priced on Wednesday, Nov. 14th. The bonds are scheduled to close on December 12th.

Sizing. The issue was sized at \$150 million to fund most of the current pipeline.

Major Design Decisions. Key decisions by Minnesota Housing were to:

Utilize the fixed rate non-AMT bonds (Series E) throughout the maturity schedule, including serials to 2030, a small 2033 term bond and a PAC bond at the end of the maturity structure in 2049 for 32% of the entire issue.

Structure the \$14.8 million of AMT bonds (Series F), approx. 10% of the total financing, as shorter fixed rate bonds through 2026. This incurs the least additional cost from the AMT on overall bond yield.

Include \$35 million of taxable bonds (Series G), as serials from 2019 through 2029 (partly overlapping the AMT serials) and as term bonds in 2033, 2038 and 2049.

Include a variable rate series of non-AMT bonds (Series H) that is efficiently sized, with a 5-year Floating Rate Note, to match the 5-year date on which the interest rate swap can be terminated at par. This approach is consistent with the criteria for such issues presented to the Board over the years. This series matures in 2041.

Rating. Bonds under the RHFB indenture are rated Aa1 by Moody's and AA+ by S & P.

BOND SALE RESULTS

The sale was completed in a choppy market. On the \$115 million of fixed rate bonds—taxable, AMT and Non-AMT—a total of \$143 million of going away orders were received.

Retail Interest. This issue had relatively few bonds that were likely to be purchased by retail investors, since most of the issue was either AMT, taxable, Non-AMT PAC bonds or floating rate notes. A total of almost \$15 million of Minnesota retail orders were received, and a total of \$10.3 million were allotted.

Interest by Series. Investor demand varied widely by series. The Series E Non-AMT bonds other than the PAC bond generally did well. Of the \$17.55 million of maturities, there were \$23.5 million of orders. The July 2026 maturity was reduced in yield by 5 basis points.

The Series E Non-AMT PAC bond was barely subscribed for, whereas most PACs this year have generally been substantially oversubscribed.

The Series F AMT serial bonds only did well in 2023 and 2024 but otherwise received very few orders. On the remaining maturities, totaling \$10.6 million, only \$0.65 million orders were received. These remaining maturities were all increased in yield by 5 basis points and underwritten.

The Series G Taxable bonds were highly attractive to investors, receiving \$25.8 million of orders on \$18.3 million of bonds. The 2019, 2020, 2024, 2025 and 2026 maturities were all reduced in yield.

The Series H Non-AMT Floating Rate notes were only half subscribed for, and had to be increased in yield from SIFMA + 50 basis points to SIFMA + 55 basis points. In comparison, the Floating Rate Notes in June had been oversubscribed by 3.7 times and yields trimmed from SIFMA + 45 basis points to SIFMA plus 43 basis points, suggesting that it has become significantly more expensive to sell such floating rate notes.

Comparable Transactions.

Series E: Non-AMT. The most comparable transactions were SONYMA, also Aa1, a week earlier, and Aa1 Maine, the day after Minnesota. Minnesota generally priced at the same levels as SONYMA and well through Maine. Minnesota's serials performed significantly better than AAA-rated Florida, but were wider on the 2033 maturity.

The PAC bonds on all these issues priced very similarly, between 69 and 71 basis points over the 5 year MMD level, other than Maine which was 6 basis points wider than Minnesota.

Series F: AMT. The only recent comparable AMT issue was SONYMA, the week before Minnesota. Even with the increase in yields, Minnesota still out-performed SONYMA on most maturities.

Post-Sale Report: Minnesota Housing \$150,000,000 RHFB Series 2018 EFGH

December 4, 2018

Page 7 of 21

Series G: Taxable. There were few comparable taxable issues. Massachusetts' single-family Aa1 issue was two months earlier.

Series H: Non-AMT Floating Rate Notes. The ultimate yield on the Floating Rate Notes was the same as Washington State.

UNDERWRITING

Underwriters. RBC was the senior manager; co-managers were J.P. Morgan, Piper Jaffray and Wells Fargo.

Retail Sales. As indicated above, this RHFB issue was not particularly suited to retail investors. The Non-AMT fixed rate maturities, excluding the PAC bonds, totaled \$14.780 million. A total of \$14.995 million of Minnesota retail orders were received on those maturities, as shown below.

Member	Role	Minnesota Retail Orders	Minnesota Retail Allotments
RBC	Senior Manager	13,500,000	9,075,000
J.P. Morgan	Co-Manager	400,000	200,000
Piper Jaffray	Co-Manager	0	0
Wells Fargo	Co-Manager	0	0
Subtotal managers		13,900,000	9,275,000
Morgan Stanley	Selling Group	0	0
Robert W. Baird	Selling Group	25,000	25,000
UBS	Selling Group	1,070,000	1,045,000
Subtotal selling group		1,095,000	1,070,000
Total		14,995,000	10,345,000

UBS contributed effectively as a selling group member.

In addition to Minnesota retail, national retail orders were brought in by RBC of \$4,555,000, Wells Fargo \$25,000, JP Morgan \$800,000, UBS \$425,000 and Morgan Stanley \$1,170,000.

Underwriter Fees. Management fees were appropriate, consistent with industry standards, and in the same range as fees reported for other housing issues of similar size and structure.

ISSUE DETAILS

Key Dates: Pricing: Wednesday, Nov. 14, 2018
 Closing Date: Wednesday, Dec. 12, 2018.

Economic Calendar. With the pricing week beginning on the Veterans Day holiday, there was relatively little economic news affecting the sale. The consumer price index and Core CPI came in as expected.

Treasuries. The 10-year Treasury started the year at 2.46% and increased significantly and steadily through February. It was 2.83% both when Minnesota's HFB Series 2018 AB priced on February 13, and when 2018 CD was priced on April 12. Rates then rose gradually to as high as 3.11% in mid-May, backed off in response to the trade war threat with China, rose again to 3% at the beginning of August, and then backed off again with the drop in the Turkish lira. With the focus on domestic economic news in September and October, the 10-year Treasury rose to 3.19% when HFB G&H were priced in mid-October. Rates fluctuated thereafter, reaching as high as 3.24% on November 8, the week before the sale, and dropped to 3.12% on the date of the sale.

The yield curve has flattened out. The difference between the 1-year and 30-year yield was 64 basis points at pricing, compared with 215 basis points at the beginning of 2017 and 98 basis points at the beginning of 2018. The Federal Reserve's steady program of raising short-term rates has had virtually no impact on 30-year yields—largely due to international uncertainty, including American-initiated trade proposals, and little sign of inflation.

Municipals. While municipal bond yields generally closely track movements in Treasury yields, the relationship has been distorted by high profile municipal credit events (Puerto Rico's problems, most recently) and international investment flows, as well as supply and demand for municipal bonds. While the 2017 tax law reduced corporate tax rates, the lower level of supply in 2018 has largely offset that effect.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/ Treasury Ratio	30-Year Treasury	30-Year MMD	MMD/ Treasury Ratio
2015 RHFB EFG	11/24/15	2.24%	2.04%	91.1%	3.00%	2.98%	99.3%
2016 A	1/12/16	2.12%	1.78%	84.0%	2.89%	2.73%	94.5%
2016 B	3/10/16	1.93%	1.88%	97.4%	2.70%	2.86%	105.9%
2016 RHFB ABC	5/25/16	1.87%	1.66%	88.8%	2.67%	2.45%	91.8%
2016 E/F	7/14/16	1.53%	1.41%	92.2%	2.25%	2.05%	91.1%
2016 E/F	9/12/16	1.68%	1.52%	90.5%	2.40%	2.23%	92.9%
2016 G/H	10/20/16	1.76%	1.73%	98.3%	2.50%	2.56%	102.4%
2016 RHFB DEF	12/13/16	2.48%	2.37%	95.6%	3.14%	3.16%	100.6%
2017 HFB A/B	2/9/17	2.40%	2.28%	95.0%	3.02%	3.06%	101.3%

Post-Sale Report: Minnesota Housing \$150,000,000 RHFB Series 2018 EFGH

December 4, 2018

Page 9 of 21

Issue	Date	10-Year Treasury	10-Year MMD	MMD/ Treasury Ratio	30-Year Treasury	30-Year MMD	MMD/ Treasury Ratio
2017 HFB C/D	3/13/17	2.62%	2.49%	95.0%	3.20%	3.25%	101.6%
2017 HFB E/F	5/20/17	2.41%	2.17%	90.0%	3.03%	3.01%	99.3%
2017 RHFB ABC	6/20/17	2.16%	1.86%	86.1%	2.74%	2.70%	98.5%
2017 HFB G/H	9/12/17	2.17%	1.86%	85.7%	2.78%	2.73%	98.2%
2017 HFB I/J	11/9/17	2.33%	1.93%	82.8%	2.81%	2.62%	93.2%
2017 RHFB DEF	12/4/17	2.37%	2.05%	86.5%	2.77%	2.70%	97.5%
2018 HFB A/B	2/13/18	2.83%	2.42%	85.5%	3.11%	2.98%	95.8%
2018 HFB C/D	4/12/18	2.83%	2.40%	84.8%	3.05%	2.94%	96.4%
2018 RHFB ABCD	6/7/18	2.93%	2.46%	84.0%	3.08%	2.98%	96.8%
2018 HFB E/F	8/16/18	2.87%	2.43%	84.7%	3.03%	3.01%	99.3%
2018 HFB G/H	10/17/18	3.19%	2.72%	85.3%	3.35%	3.39%	101.2%
2018 RHFB EFGH	11/14/18	3.12%	2.70%	86.5%	3.35%	3.38%	100.9%
Change from 2018 HFB G/H		-7 bp	-2 bp	+1.2%	+0 bp	-1 bp	-0.3%

AMT STATE HFA HOUSING BOND PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date	11/14/18	11/7/18	10/23/18	10/23/18	10/11/18
Amount	\$14,800,000	\$31,135,000	\$9,175,000	\$40,435,000	\$5,100,000
Issuer	Minnesota HFA 2018	SONYMA	Connecticut HFA 2018	Maryland DHCD 2018	Vermont HFA 2018
Series	Series F	Series 214	Series E-4	Series B	Series B,D
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single & Multi / Negotiated
Rating(s)	Aa1 / AA+ / -	Aa1 / - / -	Aaa, VMIG 1 / A-1+ / -	Aa2 / - / AA	Aa2 / - / AA
Tax Status	AMT	AMT	AMT	AMT	AMT
Maturity Year ('18 pricings)	Coupon/ Yield	Spread to IMM	Coupon/ Yield	Spread to IMM	Coupon/ Yield
1 2019	2.200	+31	2.250	+34	2.45 / 2.55
2 2020	2.40 / 2.50	+42 / +46	2.10 / 2.20	+22 / +24	+44 / +49
3 2021	2.65 / 2.75	+58 / +64	2.40 / 2.50	+35 / +40	
4 2022	2.85 / 2.95	+70 / +77	2.65 / 2.75	+53 / +58	
5 2023	3.00 / 3.05	+78 / +80	2.85 / 2.90	+66 / +66	
6 2024	3.10 / 3.15	+81 / +83	3.000	+68	
7 2025	3.25 / 3.30	+89 / +90	3.10 / 3.20	+75 / +80	
8 2026	3.40 / 3.50	+93 / +99	3.25 / 3.30	+82 / +82	
9 2027			3.45 / 3.50	+91 / +93	
10 2028			3.550	+92	
11 2029					
12 2030					
13 2031					
14 2032					
15 2033					
16 2034					
PAC					
Notes	Convertible Option Bonds for warehousing; 11/15/39 maturity but shown at 11/15/19 mandatory tender above 4.50C/3.20Y +91 to 5yr 9/1/48 PAC bond has 4.50% coupon priced at 105.830 to yield 3.20% and has an average life of 5 years from 100-400% PSA				
Maturity Dates	7/1 and 1/1 None	4/1 and 10/1 None	5/15	9/1 9/1/27 at par	5/1 and 11/1 11/1/27
Call Provisions	BBI / RBI 4.36% / 4.85%	BBI / RBI 4.33% / 4.82%	5/15/19 at par	BBI / RBI 4.35% / 4.86%	at par
Mkt Index	RBC Capital Markets	Wells Fargo	4.35% / 4.86%	Morgan Stanley	BBI / RBI 4.37% / 4.88%
Sr Manager			RBC Capital Markets		Raymond James

AMT STATE HFA HOUSING BOND PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date	9/13/18	9/6/18	8/22/18	8/14/18	7/11/18
Amount	\$8,970,000	\$6,850,000	\$13,850,000	\$23,450,000	\$4,015,000
Issuer Series	Massachusetts HFA	New Jersey HMFA 2018	Rhode Island HMFC	Pennsylvania HFA	Connecticut HFA 2018
Program	Series 198	Series E Multifamily /	Series 69-A	2018-127A	Series C-2
Rating(s)	Single Family / Negotiated	Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Tax Status	Aa1 / AA+ / -	- / AA- / -	Aa1 / AA+ / -	Aa2 / AA+ / -	Aaa / AAA / -
AMT	AMT	AMT	AMT	AMT	AMT
Maturity Year ('18	Coupon/	Coupon/	Coupon/	Coupon/	Coupon/
plcings)	Yield	Yield	Yield	Yield	Yield
1	2019	1.90 / 2.05	2.05 / 2.15	1.80 / 1.90	1.85 / 1.95
2	2020	2.150	2.20 / 2.30	2.00 / 2.10	2.05 / 2.15
3	2021	2.300	2.40 / 2.50	2.20 / 2.30	2.25 / 2.35
4	2022	2.45 / 2.60		2.40 / 2.50	2.45 / 2.55
5	2023	2.700		2.60 / 2.65	2.65 / 2.70
6	2024	2.80 / 2.85			2.80 / 2.875
7	2025	3.000		2.95 / 3.00	2.650
8	2026	3.15 / 3.25		3.15 / 3.20	
9	2027	3.30 / 3.35		3.30 / 3.35	
10	2028	3.40 / 3.45		3.40 / 3.45	
11	2029	3.550		3.500	
12	2030				
13	2031				
14	2032				
15	2033				
16	2034	3.850			
PAC					
Notes					
Maturity Dates	6/1 and 12/1	5/1 and 11/1	4/1 and 10/1	4/1 and 10/1	5/15 and 11/15
Call Provisions	6/1/28 at par	None	4/1/28 at par	None	None
Mkt Index	BBI / RBI 4.06% / 4.57%	BBI / RBI 3.98% / 4.49%	BBI / RBI 3.95% / 4.45%	BBI / RBI 3.98% / 4.48%	BBI / RBI 3.86% / 4.35%
St Manager	RBC Capital Markets	Barclays	RBC Capital Markets	Jefferies	J.P. Morgan

AMT STATE HFA HOUSING BOND PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date	7/11/18	6/14/18	6/7/18	5/31/18	5/31/18
Amount	\$42,250,000	\$192,705,000	\$28,820,000	\$23,115,000	\$560,000
Issuer Series	SONYMA	New Jersey HFMA 2018	Minnesota HFA 2018	Illinois HDA 2018	Massachusetts HFA
Program	Series 212 Single Family /	Series B	Series A	Subseries A-3	Series 194
Rating(s) Tax	Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Status	Aa1 / - / -	Aa3 / AA / -	Aa1 / AA+ / -	Aa2 / AA / -	Aa1 / AA+ / -
	AMT	AMT	AMT	AMT	AMT
Maturity Year ('18	Coupon/	Coupon/	Coupon/	Coupon/	Coupon/
plcings)	Yield	Yield	Yield	Yield	Yield
1	1.800	1.80 / 1.90	1.80 / 1.90	2.00 / 2.10	1.850
2	1.95 / 2.05	2.15 / 2.25	2.05 / 2.20	2.30 / 2.40	
3	2.20 / 2.30	2.50 / 2.60	2.35 / 2.45	2.55 / 2.65	
4	2.40 / 2.50	2.70 / 2.80	2.50 / 2.55	2.75 / 2.85	
5	2.60 / 2.70	2.90 / 2.95	2.65 / 2.70	2.95 / 3.00	
6	2.80 / 2.875	3.10 / 3.15	2.85 / 2.90	3.10 / 3.15	
7	2.95 / 3.05	3.25 / 3.30	3.00 / 3.05	3.20 / 3.25	
8	3.10 / 3.15	3.40 / 3.45	3.15 / 3.25	3.350	
9		3.55 / 3.60	3.35 / 3.40		
10	3.30 / 3.35	3.65 / 3.70	3.45 / 3.50		
11					
12	3.550				
13					
14		3.800	3.625		
15	3.700				
16					
PAC					
Notes					
Maturity Dates	10/1 and 4/1 4/1/27	10/1 and 4/1 10/1/27	1/1 and 7/1 7/1/27 at	2/1 and 8/1 None	12/1 and 6/1 None
Call Provisions	at par	at par	par	BBI / RBI 3.78% / 4.27%	BBI / RBI 3.78% / 4.27%
Mkt Index	BBI / RBI 3.86% / 4.35%	BBI / RBI 3.92% / 4.41%	BBI / RBI 3.88% / 4.37%	Morgan Stanley	Morgan Stanley
Sr Manager	BofA Merrill	RBC Capital Markets	RBC Capital Markets		

AMT STATE HFA HOUSING BOND PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date	5/16/18	12/4/17	6/20/17
Amount	\$13,085,000	\$41,145,000	\$43,455,000
Issuer	North Carolina HFA	Minnesota HFA	Minnesota HFA
Series	Series 39-A	2017 Series D	2017 Series A
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Rating(s)	Aa1 / AA / - AMT	Aa1 / AA+ / - AMT	Aa1 / AA+ / - AMT
Maturity	Coupon/ Yield	Coupon/ Yield	Coupon/ Yield
Year ('18 pricings)	Spread to iMMD	Spread to iMMD	Spread to iMMD
1 2019	1.90 / 2.00	1.450	1.00 / 1.10
2 2020	2.15 / 2.25	1.70 / 1.80	1.35 / 1.40
3 2021	2.40 / 2.50	2.00 / 2.05	1.50 / 1.55
4 2022	2.60 / 2.65	2.20 / 2.25	1.70 / 1.75
5 2023	2.75 / 2.80	2.35 / 2.40	1.90 / 1.95
6 2024	2.900	2.45 / 2.50	2.10 / 2.15
7 2025		2.55 / 2.60	2.25 / 2.30
8 2026		2.75 / 2.80	2.45 / 2.50
9 2027		2.90	2.65 / 2.70
10 2028		2.95 / 3.00	2.80 / 2.85
11 2029		3.10 / 3.15	
12 2030			
13 2031		3.300	+104
14 2032			
15 2033			
16 2034			
PAC			
Notes			
Maturity Dates	1/1 and 7/1	7/1 and 1/1	1/1 and 7/1
Call Provisions	None	1/1/27 at par	1/1/27 at par
Mkt Index	BBI / RBI 3.88% / 4.37%	BBI / RBI 3.59% / 4.04%	BBI / RBI 3.53% / 3.70%
Sr Manager	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets

NON-AMT STATE HFA SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date	11/14/18	11/15/18	11/14/18	11/14/18	11/7/18	11/5/18	11/1/18	10/31/18
Amount	\$65,200,000	\$34,430,000	\$175,000,000	\$116,125,000	\$99,000,000	\$70,000,000		
Issuer	Minnesota HFA 2018	Maine SHA 2018	Florida HFC 2018	SONYMA	South Dakota HDA 2018	Missouri HDC 2018		
Series	Series E	Series F	Series 2	Series 213	Series B	Series B		
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated		
Rating(s)	Aa1 / AA+ / -	Aa1 / AA+ / -	Aaa / - / -	Aa1 / - / -	Aaa / AAA / -	- / AA+ / -		
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT		
Maturity	Coupon/	Spread	Coupon/	Spread	Coupon/	Spread	Coupon/	Spread
Year (*18 pricings)	Yield	to IMM	Yield	to IMM	Yield	to IMM	Yield	to IMM
1	2.000	+11	1.950	+3	2.000	+4	1.950	+5
2	2019		2.100	+6	2.10 / 2.15	+5 / +5	2.10 / 2.15	+11 / +10
3	2020		2.150	+10	2.10 / 2.15	+5 / +5	2.10 / 2.15	+11 / +10
4	2021		2.350	+22	2.25 / 2.35	+13 / +18	2.30 / 2.35	+22 / +24
5	2022		2.500	+30	2.45 / 2.55	+26 / +30	2.45 / 2.50	+30 / +31
6	2023		2.650	+38	2.60 / 2.70	+33 / +37	2.60 / 2.65	+37 / +38
7	2024		2.850	+51	2.75 / 2.85	+39 / +43	2.75 / 2.80	+43 / +44
8	2025		3.000	+58	2.90 / 3.00	+46 / +50	2.90 / 2.95	+50 / +51
9	2026		3.150	+64	3.05 / 3.10	+50 / +51	3.05 / 3.10	+54 / +55
10	2027		3.300	+69	3.20 / 3.25	+55 / +57	3.20 / 3.25	+59 / +61
11	2028		3.400	+72	3.35 / 3.40	+60 / +63	3.30 / 3.35	+59 / +62
12	2029		3.550	+80	3.50 / 3.55	+66 / +69	3.45 / 3.50	+66 / +69
13	2030		3.700	+88	3.60 / 3.65	+72 / +74	3.55 / 3.60	+69 / +72
14	2031				3.70 / 3.75	+76 / +79		
15	2032							
16	2033		3.850	+89	3.850	+78	3.850	+81
17	2034							
18	2035							
19	2036							
20	2037							
21	2038		4.125	+94	4.100	+82	4.050	+79
22	2039							
23	2040							
24	2041		4.200	+93				
25	2042				4.150	+77		
26	2043						4.125	+78
27	2044							
28	2045		4.200	+85				
29	2046							
30	2047							
31	2048							
PAC 1	4.25C/3.00Y	+71 to 5yr	4.25C/3.04Y	+77 to 5yr	4.25C/3.02Y	+70 to 4.9yr	4.25C/2.99Y	+68 to 5yr
PAC 2								
Notes	1/1/49 PAC bond has 4.25% coupon priced at 105.663 to yield 3.00% and has an average life of 5 years from 100-500% PSA	11/15/48 PAC bond has 4.25% coupon priced at 105.508 to yield 3.04% and has an average life of 5 years from 100-500% PSA	11/150 PAC bond has 4.25% coupon priced at 105.720 to yield 3.00% and has an average life of 5.02 years from 100-500% PSA	10/1/47 PAC bond has 4.25% coupon priced at 105.499 to yield 3.02% and has an average life of 4.9 years from 50-500% PSA	11/1/48 PAC bond has 4.50% coupon priced at 106.727 to yield 3.02% and has an average life of 5 years from 100-400% PSA	7/1/49 PAC bond has 4.25% coupon priced at 105.746 to yield 2.99% and has an average life of 5 years from 100-400% PSA	5/1/49 PAC bonds have 4.25%/4.75% coupons priced at 105.838/108.099 to yield 2.96%/2.96% with 5 yr. avg. lives 100-400% PSA	
Maturity Dates	7/1 and 1/1	5/15/28 at par	11/1 and 1/1	4/1 and 10/1	11/1 and 5/1	7/1 and 1/1	11/1 and 1/1	
Call Provisions	1/1/28 at par	5/15/28 at par	11/1/28 at par	10/1/27 at par	11/1/27 at par	11/1/27 at par	11/1/27 at par	
Mkt Index	BBI / RBI 4.36% / 4.85%	BBI / RBI 4.30% / 4.79%	BBI / RBI 4.36% / 4.85%	BBI / RBI 4.33% / 4.82%	BBI / RBI 4.33% / 4.82%	BBI / RBI 4.33% / 4.82%	BBI / RBI 4.33% / 4.82%	
Sr Manager	RBC Capital Markets	Barclays	Citigroup	Wells Fargo	Citigroup	George K. Baum	RBC Capital Markets	

NON-AMT STATE HFA SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Amount	Date	10/31/18	10/23/18	10/23/18	10/23/18	10/23/18	10/17/18	10/11/18	10/10/18
Series Program	Issuer	\$97,975,000	\$78,355,000	\$125,330,000	\$239,565,000	\$91,000,000	\$265,900,000		
Rating(s) Tax	North Carolina HFA Series 40	Carolina HFA Series 40	Connecticut HFA 2018	Georgia HFA 2018	Maryland DHCD 2018	Illinois HDA 2018	Vermont HFA		Michigan SHDA
Status	Single Family / Negotiated Aa1 / AA+ / - Non-AMT	Single Family / Negotiated Aaa / AAA / - Non-AMT	Single Family / Negotiated / AAA / - Non-AMT	Single Family / Negotiated Series B	Single Family / Negotiated Series A	Single Family / Negotiated Series A	Single Family / Negotiated 2018 Series C,E	Single Family / Negotiated Aa2 / - / AA	Single Family / Negotiated Aa2 / - / AA
Maturity	Year ('18)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
1	2019	1.875	+2 / +4	1.90 / 2.00	+4 / +8	1.90 / 2.00	+5 / +15	2.00 / 2.125	+13 / +20
2	2020	2.05 / 2.10	+10 / +10	2.15 / 2.25	+14 / +20	2.15 / 2.20	+15 / +15	2.25 / 2.35	+23 / +29
3	2021	2.25 / 2.30	+23 / +23	2.35 / 2.40	+28 / +28	2.35 / 2.45	+28 / +28	2.40 / 2.50	+32 / +37
4	2022	2.40 / 2.45	+31 / +30	2.500	+35 / +30	2.55 / 2.60	+34 / +34	2.55 / 2.60	+38 / +38
5	2023	2.55 / 2.60	+37 / +36	2.65 / 2.70	+41 / +41	2.70 / 2.75	+41 / +40	2.70 / 2.75	+44 / +44
6	2024	2.70 / 2.75	+49 / +48	2.75 / 2.80	+43 / +43	2.85 / 2.90	+46 / +46	2.85 / 2.90	+49 / +49
7	2025	2.85 / 2.90	+45 / +46	2.85 / 2.90	+44 / +44	2.95 / 3.00	+53 / +48	3.00 / 3.05	+55 / +55
8	2026		+55 / +56	3.00 / 3.05	+49 / +50	3.10 / 3.15	+58 / +55	3.15 / 3.20	+59 / +60
9	2027	3.15 / 3.20	+60 / +62	3.200	+59 / +57	3.25 / 3.30	+63 / +66	3.30 / 3.35	+64 / +67
10	2028	3.25 / 3.30	+66 / +69	3.300	+61 / +59	3.40 / 3.45	+65 / +68	3.40 / 3.50	+66 / +74
11	2029	3.40 / 3.45	+69 / +72	3.45 / 3.50	+69 / +72	3.50 / 3.55	+72 / +75	3.50 / 3.55	+70 / +73
12	2030	3.50 / 3.55	+72 / +75			3.60 / 3.65	+75 / +78	3.60 / 3.65	+73 / +76
13	2031								
14	2032		+86	3.800	+81	3.850	+83	3.850	+84
15	2033	3.800	+77						
16	2034								
17	2035								
18	2036	4.000	+85						
19	2037								
20	2038	4.000	+76			4.125	+88	4.100	+82
21	2039			4.050	+84				
22	2040								
23	2041	4.100	+79			4.200	+88		
24	2042								
25	2043	4.150			+85			4.200	+84
26	2044								
27	2045								
28	2046								
29	2047								
30	2048	4.200			+85				
31	2049								
PAC 1	PAC 2	4.25C/3.00Y	+69 to 5yr	4.25C/3.00Y	+71 to 5yr	4.50C/3.05Y	+76 to 5yr	4.75C/3.00Y	+69 to 5yr
Notes	7/1/47 PAC bond has 4.25% coupon priced at 105.687 to yield 3.00% and has an average life of 5 years from 100-500% PSA	5/15/42 PAC bond has 4.25% coupon priced at 105.719 to yield 3.00% and has an average life of 5 years from 75-500% PSA	9/1/48 PAC bond has 4.50% coupon priced at 106.534 to yield 3.05% and has an average life of 5 years from 100-400% PSA	9/1/48 PAC bond has 4.50% coupon priced at 106.534 to yield 3.05% and has an average life of 5 years from 100-400% PSA	10/1/48 PAC bond has 4.50% coupon priced at 106.534 to yield 3.05% and has an average life of 5 years from 100-400% PSA	10/1/48 PAC bond has 4.50% coupon priced at 106.534 to yield 3.05% and has an average life of 5 years from 100-400% PSA	11/1/48 PAC bond has 4.75% coupon priced at 108.006 to yield 3.00% and has an average life of 5 years from 100-500% PSA	6/1/49 PAC bond has 4.25% coupon priced at 105.523 to yield 3.02% and has an average life of 4.9 years from 100-400% PSA	
Maturity Dates	Call Provisions	7/1 and 1/1	5/15 and 11/15	6/1 and 12/1	3/1 and 9/1	4/1 and 10/1	11/1 and 5/1	12/1 and 12/1	
Mkt Index	1/1/28 at par	5/15/28 at par	12/1/27 at par or <10% outst	9/1/27 at par	9/1/27 at par	4/1/28 at par	11/1/27 at par	12/1/27 at par	
Sr Manager	BBI / RBI 4.30% / 4.80%	BBI / RBI 4.35% / 4.86%	BBI / RBI 4.35% / 4.86%	BBI / RBI 4.35% / 4.86%	BBI / RBI 4.35% / 4.86%	BBI / RBI 4.37% / 4.88%	BBI / RBI 4.37% / 4.88%	BBI / RBI 4.24% / 4.75%	Barclays

NON-AMT STATE HFA SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing	Date Amount	10/3/18	9/24/18	9/20/18	9/18/18	9/13/18	9/12/18	9/11/18
Issuer Series Program		\$225,000,000	\$44,310,000	\$39,170,000	\$16,000,000	\$16,915,000	\$68,190,000	\$38,995,000
Rating(s)	Tax Status	Tennessee HDA Issue 2018-4	Oklaoma HFA Series	Mississippi HC Series	Louisiana HC Series	Massachusetts HFA Series	Washington SHFC 2018	Iowa FA 2018 Series
	Single Family / Negotiated	AA+ / -	2018A	2018A	2018A-1	199	Series 1N	C
	Non-AMT	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
		Aaa / - / -	Aaa / - / -	Aaa / - / -	Aaa / - / -	Aa1 / AA+ / -	Aaa / - / -	Aaa / AAA / -
		Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT
Maturity	Year ('18	Coupon/	Spread	Coupon/	Spread	Coupon/	Spread	Coupon/
pricings)		Yield	to iMMD	Yield	to iMMD	Yield	to iMMD	Yield
1	2019	1.875	+1	1.90 / 1.95	+7 / +8	1.850	+5	1.80 / 1.90
2	2020	2.00 / 2.10	+5 / +11	2.00 / 2.05	+10 / +11	1.95 / 2.00	+10 / +11	2.00 / 2.05
3	2021	2.20 / 2.25	+18 / +20	2.15 / 2.20	+18 / +18	2.10 / 2.15	+15 / +15	2.15 / 2.20
4	2022	2.35 / 2.40	+26 / +27	2.35 / 2.40	+30 / +30	2.25 / 2.30	+21 / +21	2.25 / 2.30
5	2023	2.45 / 2.50	+28 / +28	2.45 / 2.50	+31 / +31	2.35 / 2.40	+22 / +22	2.35 / 2.40
6	2024	2.60 / 2.65	+34 / +35	2.60 / 2.65	+36 / +36	2.50 / 2.55	+27 / +27	2.55 / 2.60
7	2025	2.75 / 2.80	+41 / +42	2.75 / 2.80	+42 / +42	2.65 / 2.70	+33 / +33	2.70 / 2.75
8	2026	2.90 / 2.95	+47 / +48	2.90 / 2.95	+47 / +48	2.85 / 2.90	+43 / +45	2.90 / 2.95
9	2027	3.05 / 3.10	+54 / +56	3.05 / 3.10	+54 / +57	2.95 / 3.00	+45 / +48	3.00 / 3.05
10	2028	3.15 / 3.20	+56 / +59	3.20 / 3.25	+61 / +64	3.10 / 3.15	+53 / +56	3.10 / 3.125
11	2029	3.25 / 3.30	+59 / +62	3.30 / 3.35	+64 / +67	3.25 / 3.30	+61 / +64	3.20 / 3.25
12	2030	3.35 / 3.40	+62 / +65	3.40 / 3.45	+69 / +72			3.30 / 3.35
13	2031	3.500	+70 / +68					
14	2032							
15	2033	3.650	+74	3.625	+77	3.600	+75	3.600
16	2034							
17	2035	3.750			+79			
18	2036	3.750						
19	2037	3.800						
20	2038	3.900	+75			3.875	+78	
21	2039							
22	2040							
23	2041							
24	2042	4.000	+78			4.000	+83	
25	2043							
26	2044							
27	2045							
28	2046							
29	2047							
30	2048							
31	2049	4.050	+78 to 30yr			4.050	+83 to 30yr	
PAC 1	PAC 2	4.50C/2.86Y	+60 to 5yr	4.75C/2.83Y	+63 to 5yr	4.00C/2.84Y	+66 to 5yr	4.00C/2.75Y
7/1/49	PAC bond has 4.50% coupon priced at 107.475 to yield 2.86% and has an average life of 5 years from 100-400% PSA	9/1/48 PAC bond has 4.75% coupon priced at 107.475 to yield 2.83% and has an average life of 5 years from 100-400% PSA	12/1/44 PAC bond has 4.00% coupon priced at 105.253 to yield 2.84% and has an average life of 5 years from 100-500% PSA	12/1/47 PAC bond has 4.50% coupon priced at 107.625 to yield 2.82% and has an average life of 4.96 years from 100-400% PSA	12/1/48 PAC bond has 4.00% coupon priced at 105.741 to yield 2.75% and has an average life of 5 years from 100-500% PSA	12/1/48 PAC bond has 4.00% coupon priced at 105.777 to yield 2.74% and has an average life of 5 years from 100-500% PSA	7/1/48 PAC bond has 4.00% coupon priced at 105.742 to yield 2.75% and has an average life of 5 years from 100-500% PSA	
Notes								
Maturity	Dates	Call						
Provisions	Mkt Index							
Sr Manager		Raymond James	BofA Merrill	Raymond James	Raymond James	Raymond James	RBC Capital Markets	RBC Capital Markets

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Data

NON-AMT STATE HFA SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Date Amount	9/11/18	8/29/18	8/22/18	8/22/18	8/16/18	8/14/18	8/13/18							
Series Program	\$140,000,000	\$97,550,000	\$45,000,000	\$83,080,000	\$54,640,000	\$125,560,000	\$87,420,000							
Series Tax Status	Ohio HFA 2018 Series A	Wisconsin HEDA 2018	Maine SHA 2018 Series C	Rhode Island HMFC Series 69-B	Wyoming CDA 2018 Series 3	Pennsylvania HFA 2018-127B	Oregon HCSD 2018 Series C							
	Single Family / Negotiated Aaa / - / - Non-AMT	Single Family / Negotiated Aa2 / AA+ / - Non-AMT	Single Family / Negotiated Aa1 / AA+ / - Non-AMT	Single Family / Negotiated Aa1 / AA+ / - Non-AMT	Single Family / Negotiated Aa1 / AA+ / - Non-AMT	Single Family / Negotiated Aa2 / AA+ / - Non-AMT	Single Family / Negotiated Aa2 / - / - Non-AMT							
Year ('18)	Coupon/ Yield	Coupon/ Yield	Coupon/ Yield	Coupon/ Yield	Coupon/ Yield	Coupon/ Yield	Coupon/ Yield							
Spread to iMMD	Spread to iMMD	Spread to iMMD	Spread to iMMD	Spread to iMMD	Spread to iMMD	Spread to iMMD	Spread to iMMD							
2019	1.70 / 1.85	1.65 / 1.75	+13 / +16	1.650	+10	1.60 / 1.70	+14 / +18							
2020	1.90 / 1.95	1.85 / 1.95	+23 / +27	1.850	+19	1.80 / 1.90	+19 / +24							
2021	2.10 / 2.15	+25 / +24	2.05 / 2.10	+31 / +29	+21	1.95 / 2.05	+21 / +27							
2022	2.20 / 2.25	+25 / +25	2.15 / 2.20	+28 / +28	+23	2.10 / 2.125	+25 / +24							
2023	2.30 / 2.35	+25 / +25	2.25 / 2.35	+27 / +32	+24	2.250	+29 / +24							
2024	2.50 / 2.55	+34 / +34	2.50 / 2.55	+41 / +41	+32	2.45 / 2.50	+38 / +37							
2025	2.60 / 2.65	+35 / +35	2.65 / 2.75	+47 / +52	+37	2.60 / 2.65	+42 / +42							
2026	2.80 / 2.85	+45 / +46	2.90 / 2.95	+61 / +62	+46	2.80 / 2.85	+50 / +52							
2027	2.90 / 2.95	+47 / +49	3.05 / 3.10	+69 / +71	+55	2.95 / 3.00	+58 / +61							
2028	3.05 / 3.10	+55 / +58	3.15 / 3.20	+72 / +75	+59	3.05 / 3.10	+62 / +65							
2029	3.20 / 3.25	+64 / +67	3.25 / 3.30	+76 / +79	+63	3.20 / 3.25	+71 / +74							
2030	3.30 / 3.35	+68 / +71	3.40 / 3.45	+85 / +88	+67	3.30 / 3.35	+74 / +77							
2031														
2032														
2033	3.550	+77	3.550	+84	+84	3.550	+83							
2034														
2035				3.700			+89							
2036														
2037														
2038	3.800	+79				3.850	+96							
2039														
2040														
2041														
2042														
2043	3.950	+87				3.950	+100							
2044														
2045														
2046														
2047														
2048	2.720	+87												
2049														
PAC 2	4.50C/2.72Y	+62 to 5yr	4.00C/2.66Y	+63 to 5yr	4.00C/2.69Y	+67 to 5yr	4.00C/2.67Y	+67 to 5yr	4.00C/2.66Y	+69 to 4.8yr	6/1/43 PAC bond has 4.00% coupon priced at 105.982 to yield 2.66% and has an average life of 4.8 years from 100-500% PSA	7/1/49 PAC bond has 4.50% coupon priced at 108.201 to yield 2.72% and has an average life of 5 years from 100-400% PSA	4.50C/2.72Y	+73 to 5yr
PAC bond has 4.50%	3/1/47 PAC bond has 4.00% coupon priced at 108.174 to yield 2.72% and has an average life of 5 years from 100-500% PSA	9/1/27 at par/100.872 PAC	9/1/27 at par/100.885 PAC	9/1/27 at par/100.885 PAC	11/15/27 at par	4/1/28 at par/100.887 PAC	10/1	4/1/28 at par/100.887 PAC	6/1 and 12/1	12/1/27 at par	4/1 and 10/1 10/1/27 at par	7/1/27 at par		
Notes														
Maturity Dates Call	3/1 and 9/1	9/1/27 at par/100.872 PAC	BBI / RBI 3.98% / 4.49%	BBI / RBI 3.94% / 4.44%	Barclays	BBI / RBI 3.95% / 4.45%	BBI / RBI 3.95% / 4.45%	BBI / RBI 3.95% / 4.45%	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets	Jefferies	BBI / RBI 3.98% / 4.48%	J.P. Morgan
Provisions														
Mkt Index														
Sr Manager														

NON-AMT STATE HFA SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date	6/7/18	12/4/17	6/20/17
Amount	\$43,680,000	\$63,075,000	\$37,390,000
Issuer	Minnesota HFA	Minnesota HFA	Minnesota HFA
Series	2018 Series B	2017 Series E	2017 Series B
Program			
Rating(s)			
Tax Status	Coupon/ Spread	Coupon/ Spread	Coupon/ Spread
1 2019	Yield to MMD 1.700		
2 2020	1.80 / 1.90 +16		
3 2021	2.00 / 2.10 +15 / +20		
4 2022			
5 2023			
6 2024			
7 2025			
8 2026	3.450 +76		
9 2027		3.300 +86	
10 2028	3.650 +81		
11 2029			3.400 +82
12 2030			
13 2031			
14 2032			
15 2033			
16 2034	4.00C/2.76Y +77 to 5yr	4.00C/2.31Y +61 to 4.8yr	4.00C/1.90Y +73 to 4.4yr
17	7/1/48 PAC bond has 4% coupon priced at 105.68 to yield 2.76% and has an average life of 4.98 years from 100-500% PSA	1/1/48 PAC bond has 4% coupon priced at 107.547 to yield 2.31% and has an average life of 4.81 years from 100-500% PSA	7/1/47 PAC bond has 4% coupon priced at 108.747 to yield 1.90% and has an average life of 4.41 years from 100-500% PSA
Notes			
Maturity Dates	7/1 and 1/1	1/1	7/1

TAXABLE STATE HFA HOUSING BOND PRICING COMPARABLES, PAST 6 MONTHS

Pricing Date Series Program Tax Status	11/14/18 \$35,000,000 Minnesota HFA 2018 Series G Single Family / Negotiated Aa1 / AA+ /- Taxable	10/29/18 \$79,285,000 Massachusetts HFA 2018 Series C Multifamily / Negotiated Aa2 / AA / Single - Taxable	10/11/18 \$250,000 Vermont HFA 2018 Series F and Multifamily / Negotiated Aa2 / - / AA Taxable	9/13/18 \$8,300,000 Massachusetts HFA Series 197 Single Family / Negotiated Aa1 / AA+ / - Taxable	9/11/18 \$5,000,000 Iowa FA 2018 Series E Single Family / Negotiated Aaa / AAA / - Taxable					
Maturity Year ('18 pricings)	Coupon/ Yield	Spread to UST	Coupon/ Yield	Spread to UST	Coupon/ Yield	Spread to UST				
0	2018									
1	2019	3.100	+39	to 1 yr	2.817 / 3.038	+10 / +32	to 1 yr	2.850	+30	to 1 yr
2	2020	3.115 / 3.20	+29 / +34	to 2 yr	3.076 / 3.126	+25 / +30	to 2 yr	2.95 / 3.05	+19 / +29	to 2 yr
3	2021	3.31 / 3.36	+39 / +44	to 3 yr	3.203 / 3.253	+32 / +37	to 3 yr	3.10 / 3.15	+27 / +32	to 3 yr
4	2022	3.39 / 3.44	+44 / +49	to 5 yr	3.356 / 3.406	+42 / +47	to 5 yr	3.20 / 3.25	+33 / +38	to 5 yr
5	2023	3.50 / 3.54	+55 / +59	to 5 yr	3.456 / 3.506	+52 / +57	to 5 yr	3.40 / 3.45	+53 / +58	to 5 yr
6	2024	3.65 / 3.70	+61 / +66	to 7 yr	3.642 / 3.692	+62 / +67	to 7 yr	3.50 / 3.55	+57 / +62	to 7 yr
7	2025	3.75 / 3.80	+71 / +76	to 7 yr	3.742 / 3.792	+72 / +77	to 7 yr	3.60 / 3.65	+67 / +72	to 7 yr
8	2026	3.85 / 3.90	+73 / +78	to 10 yr	3.874 / 3.924	+77 / +82	to 10 yr	3.70 / 3.75	+73 / +78	to 10 yr
9	2027	4.00 / 4.05	+88 / +93	to 10 yr	3.974 / 4.024	+87 / +92	to 10 yr	3.80 / 3.85	+83 / +88	to 10 yr
10	2028	4.10 / 4.15	+98 / +103	to 10 yr	4.154 / 4.204	+105 / +110	to 10 yr	3.90 / 3.95	+93 / +98	to 10 yr
11	2029	4.20 / 4.25	+108 / +113	to 10 yr	4.254 / 4.304	+115 / +120	to 10 yr	4.00 / 4.02	+103 / +105	to 10 yr
12	2030				4.354 / 4.404	+125 / +130	to 10 yr	4.050	+108	to 10 yr
13	2031									
14	2032									
15	2033	4.450	+133	to 10 yr	4.484	+138	to 10 yr			
16	2034									
17	2035									
18	2036									
19	2037									
20	2038	4.630	+128	to 30 yr	4.621	+128	to 30 yr			
21	2039									
22	2040	4.721				+138	to 30 yr			
23	2041									
24	2042									
25	2043									
26	2044									
27	2045									
28	2046									
29	2047									
30	2048	5.050								
31	2049	4.730	+138	to 30 yr				+173	to 30 yr	
Notes										
Maturity Dates	7/1	and 1/1	1/1/28 at par	6/1	and 12/1	12/1/27 at par	11/1	and 12/1	6/1/28 at par	7/1 and 1/1
Mkt Index	BBI / RBI	4.36% / 4.85%	BBI / RBI	BBI / RBI	4.30% / 4.80%	BBI / RBI	BBI / RBI	BBI / RBI	4.06% / 4.57%	BBI / RBI
Sr Manager	RBC Capital Markets		RBC Capital Markets	BofA Merrill			Raymond James	RBC Capital Markets		RBC Capital Markets

TAXABLE STATE HFA HOUSING BOND PRICING COMPARABLES, PAST 6 MONTHS

Pricing Date Series Program Tax Status	Amount Rating(s)	Issuer	9/6/18		9/6/18		8/29/18		8/22/18		8/14/18					
			Coupon/ Yield	Spread to UST to 1 yr	Coupon/ Yield	Spread to UST to 1 yr	Coupon/ Yield	Spread to UST to 1 yr	Coupon/ Yield	Spread to UST to 1 yr	Coupon/ Yield	Spread to UST to 1 yr				
		New Jersey HMFA 2018 Series C	\$44,630,000	2.75 / 2.85	+25 / +35	to 1 yr	Jersey HMFA 2018 Series D	\$9,105,000	2.50 / 2.65	+2 / +17	to 1 yr	Pennsylvania HFA Series 101C	\$9,655,000	2.45 / 2.70	+1 / +26	to 1 yr
				2019 2.75 / 2.85	+31 / +41	to 2 yr			2.83 / 2.90	+16 / +23	to 2 yr			2.85 / 2.95	+25 / +35	to 2 yr
				2020 2.95 / 3.05	+44 / +49	to 3 yr			3.00 / 3.05	+25 / +30	to 3 yr			3.10 / 3.15	+45 / +50	to 3 yr
				2021 3.15 / 3.20	+49 / +54	to 5 yr			3.10 / 3.15	+32 / +37	to 5 yr			3.20 / 3.25	+50 / +55	to 5 yr
				2022 3.25 / 3.30	+59 / +64	to 5 yr			3.20 / 3.25	+42 / +47	to 5 yr			3.30 / 3.35	+60 / +65	to 5 yr
				2023 3.35 / 3.40	+62 / +67	to 7 yr			3.30 / 3.35	+45 / +50	to 7 yr			3.400	+63	to 7 yr
				2024 3.45 / 3.50	+72 / +77	to 7 yr			3.40 / 3.45	+55 / +60	to 7 yr					
				2025 3.55 / 3.60	+77 / +82	to 10 yr			3.50 / 3.55	+61 / +66	to 10 yr					
				2026 3.65 / 3.70	+87 / +92	to 10 yr			3.60 / 3.625	+71 / +74	to 10 yr					
				2027 3.75 / 3.80	+97 / +102	to 10 yr			3.65 / 3.71	+76 / +82	to 10 yr					
				2028 3.85 / 3.90	+107 / +112	to 10 yr			3.76 / 3.81	+87 / +92	to 10 yr					
				2029 3.95 / 4.00	+117 / +122	to 10 yr										
				2030 4.05 / 4.10												
				2031												
				2032												
				2033 4.250	+137	to 10 yr										
				2034												
				2035												
				2036												
				2037												
				2038 4.450	+139	to 30 yr										
				2039												
				2040												
				2041												
				2042												
				2043												
				2044												
				2045												
				2046												
				2047												
				2048 4.550	+149	to 30 yr										
				2049												

Pricing Date	6/12/18	6/7/18	5/31/18
Amount	\$75,000,000	\$25,000,000	\$17,500,000
Issuer	New York City HDC	Minnesota HFA	Massachusetts HFA
Series	2018 Series D	2018 Series C	Series 193
Program	Multifamily / Negotiated		
Rating(s)			
Tax Status	Coupon/Spread	Coupon/Spread	Coupon/Spread
0 2018			
1 2019		2.65 / 2.80 +34 / +49 to 1 yr	2.750 +52 to 1 yr
2 2020	3.263 +45 to 5 yr	2.90 / 3.00 +40 / +50 to 2 yr	2.80 / 2.85 +40 / +45 to 2 yr
3 2021	3.363 / 3.467 +55 / +65 to 5 yr	3.05 / 3.15 +42 / +52 to 3 yr	2.95 / 3.05 +41 / +51 to 3 yr
4 2022	3.567 +65 to 7 yr	3.30 / 3.35 +53 / +58 to 5 yr	3.20 / 3.25 +52 / +57 to 5 yr
5 2023	3.617 / 3.666 +70 / +75 to 7 yr	3.45 / 3.50 +68 / +73 to 5 yr	3.30 / 3.35 +62 / +67 to 5 yr
6 2024	3.966 / 4.016 +100 / +105 to 10 yr	+102 / +107 to 10 yr	3.40 / 3.45 +107 / +112 to 10 yr
7 2025			
8 2026		4.200 +127 to 10 yr	4.170 +134 to 10 yr
9 2027	4.253 +115 to 30 yr		
10 2028	4.103 +100 to 30 yr		
11 2029		4.450 +137 to 30 yr	
12 2030			
13 2031			4.400 +140 to 30 yr
14 2032			
15 2033			
Notes			
Maturity Dates	11/1 and 5/1	1/1 and 7/1	12/1 and 6/1
Call Provisions	11/1/27 at par except 2038 noncallabl	7/1/27 at par	6/1/27 at par
Mkt Index	BBI / RBI 3.88% / 4.37%		

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